

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input checked="" type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name City of Oak Park	County Oakland
Fiscal Year End June 30, 2006	Opinion Date December 6, 2006	Date Audit Report Submitted to State December 19, 2006	

We affirm that:

We are certified public accountants licensed to practice in Michigan.


We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES ☒ NO ☐ Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☒ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:		Enclosed	Not Required (enter a brief justification)	
Financial Statements		<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations		<input checked="" type="checkbox"/>		
Other (Describe)		<input type="checkbox"/>		
Certified Public Accountant (Firm Name) Post, Smythe, Lutz and Ziel LLP		Telephone Number 734-453-8770		
Street Address 1034 W. Ann Arbor Trail		City Plymouth	State MI	Zip 48170
Authorizing CPA Signature  CPA		Printed Name Rana M. Emmons, CPA		License Number 22716

CITY OF OAK PARK

MICHIGAN

**COMPREHENSIVE
ANNUAL
FINANCIAL
REPORT**



FISCAL YEAR ENDED JUNE 30, 2006

CITY OF OAK PARK, MICHIGAN

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

FOR THE YEAR ENDING

JUNE 30, 2006

SUBMITTED TO THE

2006 CITY COUNCIL

Gerald E. Naftaly, Mayor

Michael M. Seligson, Mayor Pro Tem

Willie Horton, Councilman

Angela Diggs Jackson, Councilwoman

Kirk Yousif, Councilman

Prepared By:

The Department of Finance and
Administrative Services

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COMPREHENSIVE ANNUAL FINANCIAL REPORT
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Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Oak Park,
Michigan

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2005

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Carla E. Perry

President

Jeffrey R. Egan

Executive Director



CITY OF OAK PARK

"The Family City"

James Ghedotte

Director of Finance and Administrative Services

Mayor

Gerald E. Naftaly

Mayor Pro Tem

Michael M. Seligson

Councilmember

Willie Horton

Angela Diggs Jackson

Kirk Yousif

December 6, 2006

To the Honorable Mayor, members of the City Council, City Manager, and the Citizens of the City of Oak Park:

The comprehensive annual financial report (CAFR) of the City of Oak Park for the year ended June 30, 2006, is hereby submitted as mandated by the City Charter, Section 9.8, and State Statute, Public Act 101. The City Charter and state statute require that the City of Oak Park issue annually a report on its financial position and activity, and that this report be audited by an independent firm of certified public accountants. The financial statements and supplemental schedules contained herein have been audited by Post, Smythe, Lutz and Ziel LLP, Certified Public Accountants. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with management. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner that presents fairly the financial position and results of operations of the various funds and component units of the City of Oak Park. All disclosures necessary to enable the reader to gain an understanding of the City of Oak Park activities have been included.

The comprehensive annual financial report is presented in three sections: introductory, financial, and statistical. The introductory section, which is unaudited, includes this letter of transmittal, an organizational chart and a list of the City of Oak Park's principal appointed officials. The Basic Financial Statements section includes the entity-wide financial statements, fund financial statements and schedules, as well as the independent auditor's report on these financial statements and schedules. The required supplemental section includes management's discussion and analysis and information on the pension plan. Other supplementary information includes combining and individual fund financial statements. The statistical section, which is unaudited, includes selected financial and demographic information, generally presented on a multi-year basis.

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to compliment MD&A and should be read in conjunction with it. The City of Oak Park's MD&A can be found immediately following the report of the independent auditor.

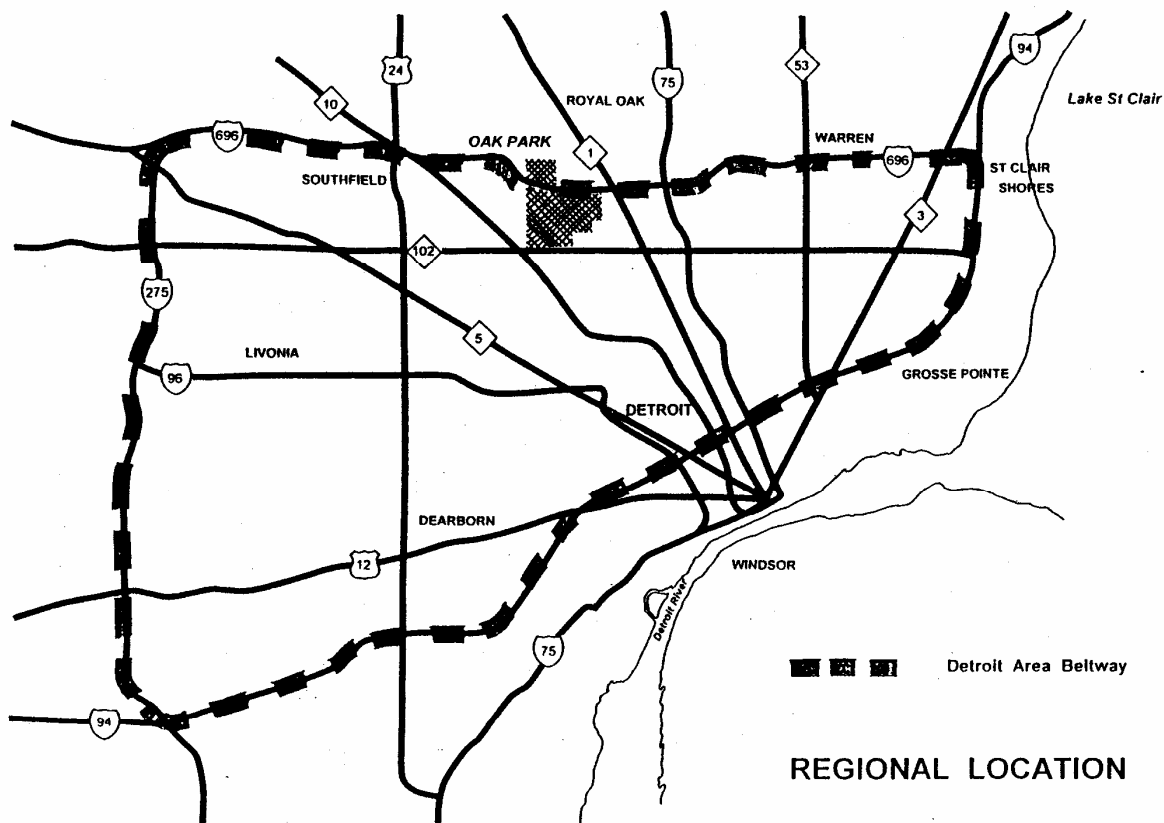
The Reporting Entity and Services Provided

The City of Oak Park has defined its financial reporting entity in accordance with the pronouncements of the Governmental Accounting Standards Board (GASB). The City of Oak Park includes all the funds, agencies, boards, commissions, and authorities that are controlled by or dependent on the Mayor and City Council. Based on these criteria, the Municipal Building Authority, Brownfield Redevelopment Authority, and the Economic Development Corporation have been included in this report.

The City of Oak Park provides a full range of services including police and fire protection; sanitation services; the construction and maintenance of highways, streets and infrastructure; planning and zoning; library services; recreational activities and cultural events. In addition, water and sewer services are provided under an Enterprise Fund concept, with user charges set by City Council to ensure adequate coverage of operating expenses and payments on outstanding debt.

Local Economy and Governmental Structure

The City of Oak Park is located near the southeast corner of Oakland County, Southeast Michigan, and approximately 3.5 miles from Macomb County and adjacent to the northern boundary of the City of Detroit. The City contains approximately 5.5 square miles with a population of 32,399 persons as reported by the U.S. Bureau of Census for 2000 and amended in 2004. The City currently has a 7.0 percent unemployment rate as compared to a statewide rate of 7.1 percent and a national average of 4.6 percent.



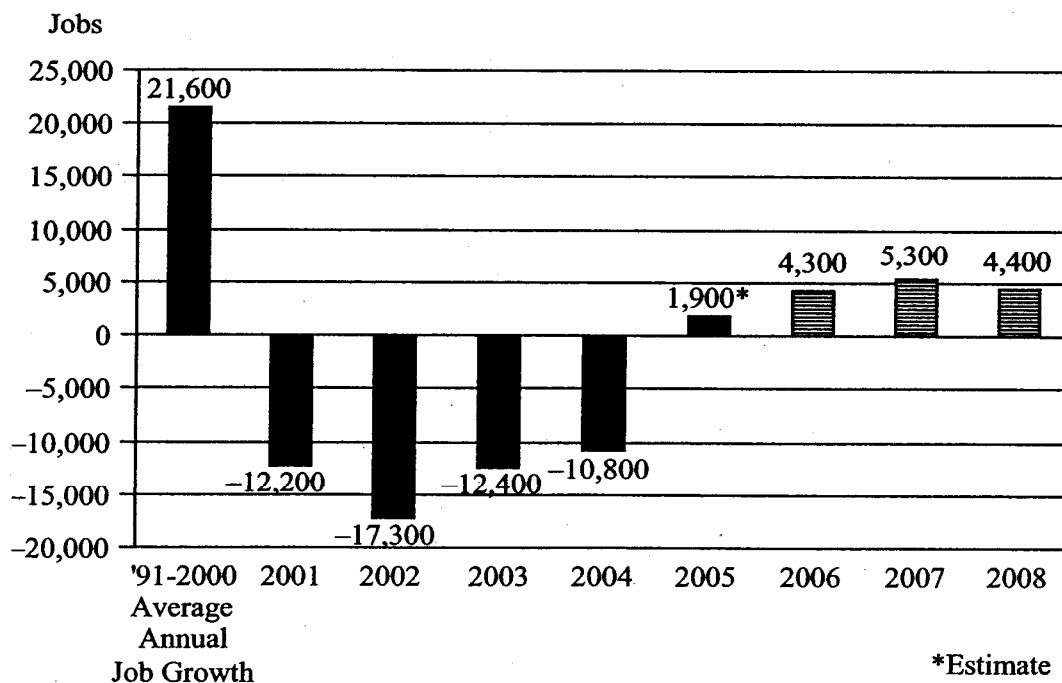
The City operates under the Council-Manager form of government as established in its Charter adopted October 29, 1945. The City Council is comprised of a Mayor, elected at-large every two years, and four Councilmembers, two elected at-large every four years. The City Council is responsible for enacting ordinances, resolutions and regulations governing the City. City Council also appoints the members of various statutory and advisory boards and

commissions, the City Manager, and the City Attorney. The City Manager is responsible for enforcement of laws and ordinances established by City Council. The City Manager also appoints and supervises the heads of departments of the City organization.

The City of Oak Park has grown over the years to a point where only one percent of it's total land area is vacant. Although most of the growth occurring in Oakland County is taking place to the west and north, the I-696 freeway, which runs through Oak Park, provides a corridor of opportunity for redevelopment and enhancement of existing development.

The 2006-2008 *Oakland County Economic Outlook* prepared by the Institute of Labor and Industrial Relations, University of Michigan, measures economic performance in Oakland County in terms of employment. It forecasts that employment in Oakland County will have modest job gains of 4,300 during 2006 followed by moderate job gains of 5,300 during 2007.

Private Sector Job Growth in Oakland County, 1991-2008



The *Oakland County Economic Outlook* was prepared in April of 2006 and predicts moderate recovery from the employment losses of the prior three years. The slow economic recovery affects all governmental agencies, as the cost of government rises while revenues tighten. In April the forecast unemployment rate for 2006 was 4.7%. As mentioned above the actual rate was 4.6%. Other economic factors such as declining state shared revenues and the stock market will also affect the City's ability to fund operations.

There is no question the next fiscal year will be challenging as revenue is reduced and expenses increase. It will be management's goal to maintain high quality services during economic uncertainty. The City has adopted prudent financial policies, which will help guide us through the upcoming years. The City has a strong property tax base and management believes it can meet the challenges confronting us in the near future.

Major Initiatives

The following were among those many diverse activities and accomplishments to which both the elected officials and staff devoted their energies in Fiscal Year 2005-2006:

- 1) A Certificate of Achievement for Excellence in Financial Reporting was received for the City's Comprehensive Annual Financial Report from the Government Finance Officers Association (GFOA) for the Fiscal Year July 1, 2004 through June 30, 2005. This award has been received for twelve consecutive years.
- 2) A Distinguished Budget Presentation Award was received from the GFOA for the Fiscal Year 2006-2007 budget document. This award has been received for twelve consecutive years.
- 3) An Award for Outstanding Achievement in Popular Annual Financial Reporting was received from the GFOA for the Fiscal Year 2004-2005. This award was received for the third time and made Oak Park one of five governments in Michigan to receive the three financial reporting awards offered by the GFOA.
- 4) The City sold a piece of land to Skyway Development for \$303,425. The property is going to be developed into condominiums. The proceeds from the sale will help fund the purchase of a new fire engine.
- 5) In November 2002 the voters gave approval to borrow \$22.5 million for renovation of the City's roads and municipal parking lots. The City borrowed \$11.5 million in May 2002 to finance the first phase of construction. The City borrowed the remaining \$11 million in May of 2006.
- 6) The City entered into an intergovernmental agreement with the Cities of Pleasant Ridge and Ferndale. Under the agreement the City of Oak Park will pick up leaves in Oak Park and Pleasant Ridge and will dump them at Ferndale's transfer station. This agreement is projected to save the City \$22,000.
- 7) A Brownfield Redevelopment Authority was formed for the development of the property on Eight Mile and Greenfield known as the Eight Mile Armory. This authority is used to capture new taxes on properties developed on the site and use those taxes to reimburse the developer for mitigation of contaminated and blighted properties. The Brownfield Authority agreed to reimburse the developer \$6.95 million. The first reimbursement took place in FY 2005-2006 in the amount of \$70,658.

Infrastructure and Major Equipment

8) The City has expended \$2,940,013 to reconstruct municipal parking lots. It is expected that this project will be complete in FY 2006-2007. Construction was paid from bond proceeds approved by the voters in 2002.

9) Purchased a 2006 Dump Truck for \$95,921.

10) An amount of \$83,424 was spent on four police cars.

Some of the Major Initiatives for July 1, 2006 and after are as follows:

- 1) The City's sewage is handled by the Twelve Towns Drain system. Storm water and sewage enter the City's sewers, which is carried to the Twelve Towns treatment facility and released into Lake St. Clair. Pollution in Lake St. Clair has led the Michigan Department of Environmental Quality to issue violations, which will require improvements to the facility. It is estimated that these improvements will cost \$130 million of which \$17.3 million will be the City's share. These improvements will cost every user of the system in Oak Park \$5.65 to \$8.00 per month. This will have a significant impact on the citizen's water and sewer bills as the improvements will have to be paid by increased charges. The City will continue to work with the Southeastern Oakland County Sewage Disposal District to clear up any violations and to embark on a plan that will not only benefit the environment but keep costs within a reasonable range. Five separate bonds were sold in FY 2001-2002 in the amount of \$95,240,000. The City's share of this debt is \$15.6 million. The Oakland County Drain Commission, which is overseeing this project, indicates there may be one more bond issue to complete this project.
- 2) The City adopted a FY 2006-2007 General Fund Budget with plans to add \$6,240 to unreserved fund balance, after using \$294,741 of fund balance in FY 2005-2006. The slowdown in the economy and the expected increases in expenditures for health insurance and pension costs will seriously affect future budgets.
- 3) The largest tract of undeveloped land in the City is a 72 acre parcel formerly owned by the State of Michigan. The abandoned armory, formerly occupied by the U.S. Government, has been demolished. The State sold this property to a private developer. The developer was granted tax relief under the Brownfield Redevelopment Act. The development of this property will return these parcels to the tax roll and provide additional revenue in the future.
- 4) Several residential and commercial parcels that were part of Royal Oak Township, which borders the City, have been annexed to the City under an agreement between the two municipalities. An additional apartment complex was annexed to the City through an election. The annexed area will provide additional revenue, however the City will evaluate the costs over the near future.

Financial Information

Management of the City is responsible for establishing and maintaining internal control designed to ensure that the assets of the City are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principals. The internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The

concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Long-term Financial Planning. The City Council has adopted the following financial policies to guide the process for long-term financial decisions. 1) Debt Management Policy – provides guidelines for borrowing money to finance projects. 2) Cash Management Policy – provides guidelines for the day-to-day handling of cash and investments. 3) Capital Improvement Policy – sets capitalization thresholds and parameters for capital asset purchases. 4) Investment Policy – provides guidelines for investment of the City's liquid assets.

A large parcel of property owned by the State of Michigan, which formerly housed the Eight Mile Armory, has stood vacant for many years. The State has sold this parcel for commercial development. This project will stimulate development in this area and provide additional tax dollars to fund future development.

As the City faces a slower economy additional funding sources will have to be found to fund large capital projects. This may include additional taxes, which can only be raised by a vote of the people. Other sources of revenue may include grants or raising fees. These challenges will be met using the financial policies above.

Federal Financial Assistance. As a recipient of federal financial assistance, the City is also responsible for ensuring that an adequate internal control system is in place to ensure compliance with applicable laws and regulations related to those programs. The internal control systems are evaluated periodically by management to achieve these objectives. The City is not required to have a Single Audit in FY 2005-2006 to test these controls because it received less than \$500,000 (\$210,129) in federal assistance as required by the Federal Office of Management and Budget (OMB) Circular 133.

Budgeting Controls. In accordance with state law, the City's budget is prepared on the modified accrual basis for governmental type funds, and its accounting records are also maintained on that basis. Under modified accrual accounting, revenues are recorded when they are both measurable and available. Expenditures are recorded when a liability is incurred, except for interest on long-term debt and accrued vacation benefits. Governmental fund types, such as the City's General Fund, Special Revenue Funds, Debt Service Funds and Capital Projects Funds are reported on the modified accrual basis. The City's Enterprise Fund, Internal Service Funds and Pension Trust Fund are reported on the full accrual basis, under which revenues are recorded when earned and expenses are recorded when incurred.

The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City's governing body. Activities of the General Fund are included in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the department level for the General Fund, Special Revenue Funds and certain Debt Service Funds. However, for internal accounting purposes, budgetary control is maintained by object class (line account) for all funds. The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Purchase orders that would create

an over encumbrance are not written until additional appropriations are available. Encumbered accounts lapse at year-end. However, any encumbrances outstanding at June 30, 2006, are reported as reservations of fund balances.

As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

Pension and other postemployment benefits. The City has a Pension Trust Fund to finance the Employee's Retirement System created by City Charter on July 1, 1951. An actuarial study determines the funding required by the City to meet its future benefit obligations. In the most recent Actuarial Report for the period ending June 30, 2005, the total estimated Actuarial Accrued Liabilities was \$81,956,783. One method of assessing the financial strength of a pension fund is to compute the percentage of liabilities that has been funded. This percentage at June 30, 2005, was 74.0 percent, down from 81.2 percent at June 30, 2004.

The City also provides postretirement health and dental care benefits for retirees and their dependents. As of the end of the current year there were 225 retired employees or their dependents receiving these benefits, which are financed on a pay-as-you-go basis. Generally accepted accounting principles do not require governments to report a liability in the financial statements in connection with an employer's obligation to provide these benefits.

Cash Management. It is the policy of the City of Oak Park to invest public funds in a manner which will provide maximum security with the highest investment return while meeting the daily cash flow demands of the City and conforming to all State statutes and local ordinances governing the investment of public funds.

Cash temporarily idle during the year was invested in demand deposits, certificates of deposits and mutual funds investing in obligations of the U.S. government. The City earned interest revenue of \$791,909 on all investments (excluding the City of Oak Park Employees Retirement Fund) for the year ended June 30, 2006.

Risk Management. The City supplies workers compensation insurance through the Michigan Municipal Worker's Compensation Fund. The City experienced an average amount of claims as evidenced by an experience modification factor of 1.38, for July 1, 2005 to June 30, 2006.

General liability and property damage insurance coverage is purchased from the Michigan Municipal Liability and Property Pool. Major policies and their limits of coverage include: public officials and public safety officers liability (\$10 million), vehicle liability (\$1 million), Employee Dishonesty (\$500,000), City Treasurer (\$200,000), Deputy Treasurer (\$200,000), City Clerk (\$100,000), District Judges (\$100,000) and City Magistrate (\$20,000).

Other Information

Independent Audit. State statute requires an annual audit by independent certified public accountants. The accounting firm of Post, Smythe, Lutz and Ziel LLP, Certified Public Accountants was selected by the City Council. The auditor's report on the financial statements and combining and individual fund statements and schedules is included in the financial section of this report.

Awards. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to The City of Oak Park for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2005. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such CAFR's must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City of Oak Park has received a Certificate of Achievement for the last twelve consecutive years. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

Acknowledgments. The preparation of the comprehensive financial report on a timely basis was made possible by the dedicated service of the entire staff of the Department of Finance and Administrative Services, Department of Technical and Planning Services and our independent auditors, Post, Smythe, Lutz and Ziel LLP, Certified Public Accountants. Each of them has our sincere thanks.

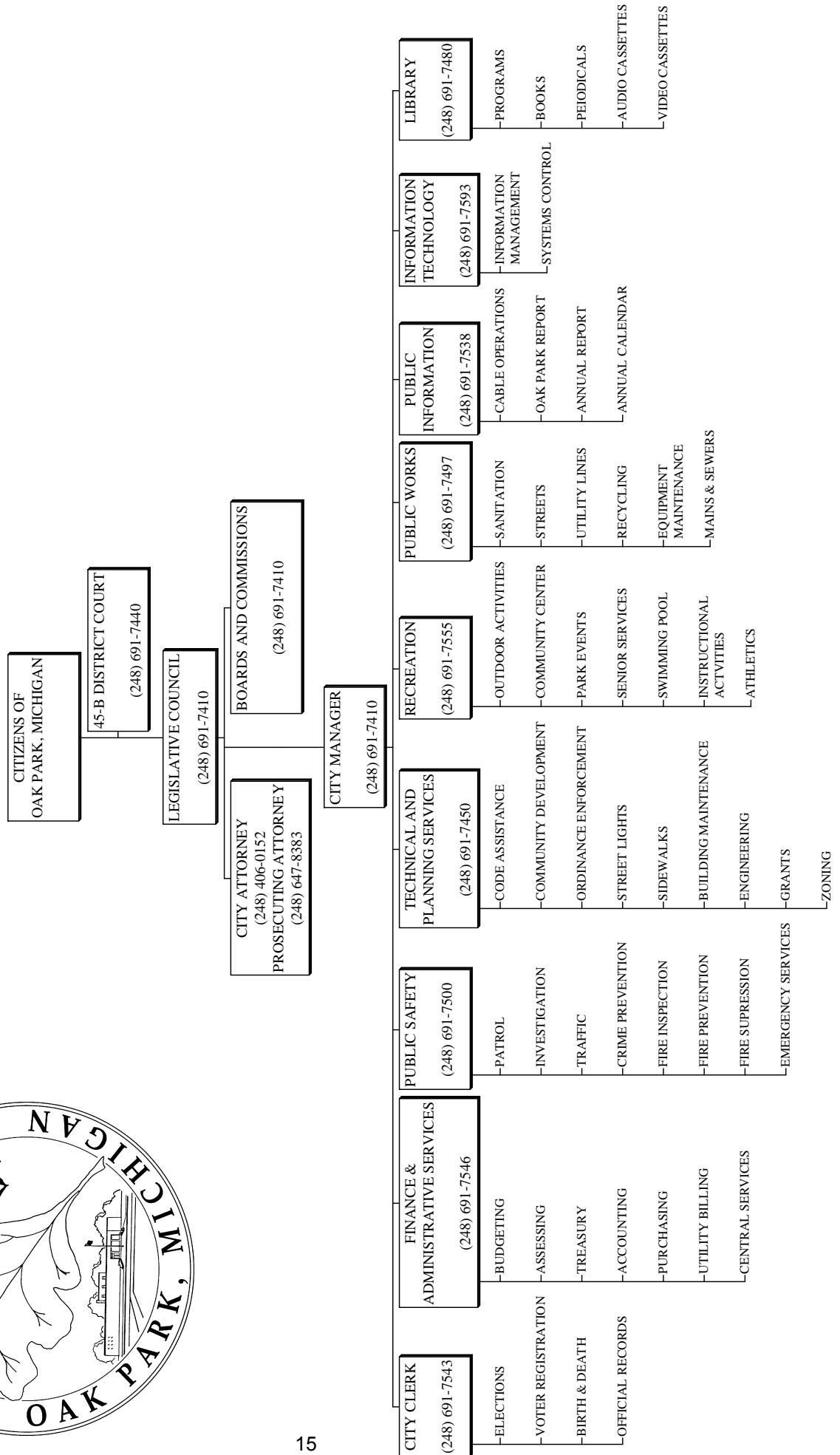
In closing, without the leadership and support of the City Council, preparation of this report would not have been possible.

Sincerely

James Ghedotte
Director of Finance and Administrative Services



City of Oak Park



**CITY OF OAK PARK
2006
PRINCIPAL OFFICIALS**

<u>TITLE</u>	<u>NAME OF OFFICIAL</u>
City Manager	James Hock
Assistant City Manager	Roy Srini
Administrative Assistant to the City Manager	Victor Cardenas
City Clerk	Sandra Gadd
Director of Finance and Administrative Services	James Ghedotte
City Attorney	John Carlson
Library Director	John Martin
Director of Public Information	Melvyn Newman
Director of Technical and Planning Services	Michael McReynolds
Director of Public Works/City Engineer	Kevin Yee
Director of Public Safety	John M. McNeilance
Director of Recreation	Roy Vultaggio
Director of Information Technology	Jeffrey Schefke
Deputy City Clerk	Angela Y. Brunke
Deputy Treasurer	Kathleen Lindroth
Deputy Finance Director	Saundra Crawford
City Assessor	M. Dean Bush
Water Supervisor	Eugene Czewski
Deputy Director of Technical and Planning Services/ City Planner	Kevin Rulkowski
Building Division Supervisor	Eric McDonald
General Foreman	Ray Krajewski
General Foreman	Gary Shermetaro
Deputy Director of DPW	Rocco Fortura
Deputy Director of Recreation	Scott Pratt
Senior Services Coordinator	Rhoda Horner

POST, SMYTHE, LUTZ and ZIEL LLP

Certified Public Accountants

PLYMOUTH

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Jane F. Wang, C.P.A.

Joseph N. Elder, C.P.A.

Rana M. Emmons, C.P.A.

Jennifer A. Galofaro, C.P.A., C.V.A.

Susan H. Bertram, C.P.A.

Grace Huang, C.P.A.

Joel A. Fabian, C.P.A.

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BLOOMFIELD HILLS, MI 48301-3212

TELEPHONE (248) 644-9125
FAX (248) 593-1986

Independent Auditor's Report

December 6, 2006

To the Honorable Mayor and
Members of the City Council
City of Oak Park
Oakland County, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Oak Park, Michigan as of and for the year ended June 30, 2006, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Oak Park's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Oak Park, Michigan, as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

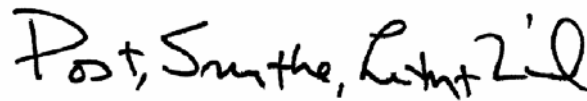
The management's discussion and analysis and the defined benefit pension plans trend information, as listed in the table of contents on pages 19 through 31 and page 85, are not a required part of the basic financial statements but are supplementary information

To the Honorable Mayor and
Members of the City Council
City of Oak Park, Michigan

required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on them.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Oak Park, Michigan's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical tables as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical tables, as listed in the table of contents, have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Respectfully,

A handwritten signature in black ink that reads "Post, Smythe, Lutz & Ziel". The signature is written in a cursive, flowing style.

POST, SMYTHE, LUTZ and ZIEL LLP
Certified Public Accountants



CITY OF OAK PARK

"The Family City"

James Ghedotte

Director of Finance and Administrative Services

Mayor

Gerald E. Naftaly

Mayor Pro Tem

Michael M. Seligson

Councilmember

Willie Horton

Angela Diggs Jackson

Kirk Yousif

MANAGEMENT DISCUSSION AND ANALYSIS

Our discussion and analysis of the City of Oak Park's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2006. Please read it in conjunction with the transmittal letter on pages 7-14 and the City's financial statements, which begin on page 33.

FINANCIAL HIGHLIGHTS

- The City's net assets increased as a result of this year's operations. Net assets of our business-type activities increased by \$2,667,489, or 25.59 percent; net assets of our governmental activities decreased by \$296,617, or 1.57 percent.
- During the year, the City had revenues in Governmental Funds that were \$7.45 million more than the \$31.28 million in expenditures.
- In the City's business-type activities, revenues were \$10.707 million while expenses were \$8.040 million.
- Total cost of all of the City's programs was \$36.2 million.
- The General Fund reported expenditures in excess of revenues of \$342,632.
- The resources available for appropriation were \$562,846 more than budgeted in the General Fund. Expenditures were \$365,623 more than budgeted. The General Fund used \$342,632 of undesignated fund balance instead of using \$539,855 as projected in the final budget.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 33 and 34) provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements start on page 35. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

Reporting the City as a Whole

The Statement of Net Assets and the Statement of Activities

Our analysis of the City as a whole begins on page 33. One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net assets and changes in them. You can think of the City's net assets—the difference between assets and liabilities—as one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the City's property tax base and the condition of the City's roads, to assess the overall health of the City.

In the Statement of Net Assets and the Statement of Activities, we divide the City into three kinds of activities:

- **Governmental activities**—Most of the City's basic services are reported here, including public safety, public works, recreation, and general administration. Property taxes, franchise fees, and state grants finance most of these activities.
- **Business-type activities**—The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's water and sewer system is reported here.
- **Component units**—The City includes two separate legal entities in its report—the Economic Development Corporation and the Brownfield Authority. Although legally separate, these "component units" are important because the City is financially accountable for them.

Reporting the City's Most Significant Funds

Fund Financial Statements

Our analysis of the City's major funds begins on page 24. The fund financial statements begin on page 35 and provide detailed information about the most significant funds—not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, the City Council establishes many other funds to help it control and manage money for particular purposes (like the Municipal Building Construction Fund) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (like grants received from the U.S. Department of Housing and Urban Development). The City's two kinds of funds—governmental and proprietary—use different accounting approaches.

- **Governmental funds**—Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in a reconciliation following the fund financial statements.

- **Proprietary funds**—When the City charges customers for the services it provides—whether to outside customers or to other units of the City—these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the City's enterprise fund (a component of proprietary funds) is the same as the

business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds. We use internal service funds (the other component of proprietary funds) to report activities that provide supplies and services for the City's other programs and activities—such as the City's Motor Pool Fund.

The City as Trustee

Reporting the City's Fiduciary Responsibilities

The City is the trustee, or fiduciary, for its employees' pension plan. It is also responsible for other assets that—because of a trust arrangement—can be used only for the trust beneficiaries. All of the City's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets on pages 45 and 46. We exclude these activities from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

THE CITY AS A WHOLE

The City's combined net assets were increased from a year ago— from \$29.3 million to \$31.7 million. Our analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the City's governmental and business-type activities.

Table 1
Net Assets
(In Thousands)

	Governmental Activities		Business- type Activities		Total Primary Government	
	2005	2006	2005	2006	2005	2006
Current and other assets	\$15,612,367	\$23,325,062	\$4,442,782	\$4,639,838	\$20,055,149	\$27,964,900
Capital Assets	<u>26,862,515</u>	<u>28,503,222</u>	<u>24,368,705</u>	<u>26,260,353</u>	<u>51,231,220</u>	<u>54,763,575</u>
Total Assets	<u>42,474,882</u>	<u>51,828,284</u>	<u>28,811,487</u>	<u>30,900,191</u>	<u>\$71,286,369</u>	<u>\$82,728,475</u>
Long-term debt outstanding	19,930,000	29,055,000	17,326,313	16,921,387	37,256,313	45,976,387
Other liabilities	<u>3,673,017</u>	<u>4,198,036</u>	<u>1,061,653</u>	<u>887,794</u>	<u>4,734,670</u>	<u>5,085,830</u>
Total Liabilities	<u>23,603,017</u>	<u>33,253,036</u>	<u>18,387,966</u>	<u>17,809,181</u>	<u>41,990,983</u>	<u>51,062,217</u>
Net Assets:						
Invested in capital assets, net of debt	6,932,515	5,900,897	7,042,392	9,338,966	13,974,907	15,239,863
Restricted	6,493,091	7,544,580	0	0	6,493,091	7,544,580
Unrestricted	<u>5,446,259</u>	<u>5,129,771</u>	<u>3,381,129</u>	<u>3,752,044</u>	<u>8,827,388</u>	<u>8,881,815</u>
Total Net Assets	<u>\$18,871,865</u>	<u>18,575,248</u>	<u>\$10,423,521</u>	<u>\$13,091,010</u>	<u>\$29,295,386</u>	<u>\$31,666,258</u>

Net assets of the City's governmental activities decreased by 1.57 percent, \$18.87 million compared to \$18.57 million. Unrestricted net assets—the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements—changed from \$5.4 million at June 30, 2005 to \$5.1 million at the end of this year.

This decrease in governmental net assets arose primarily because of two factors. The City used fund balance of \$342,632 in the General Fund and \$286,212 in the Solid Waste Fund.

The net assets of our business-type activities increased by 25.59 percent (\$10.42 million compared to \$13.09 million) in 2006. This increase was due to revenues exceeding expenses. This trend is expected to change as the City begins replacing its infrastructure (water and sewer mains).

Table 2
Changes in Net Assets
(In Thousands)

	Governmental Activities		Business- type Activities		Total Primary Government	
	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>
Revenues						
Program Revenues:						
Charges for Services	\$4,239,347	\$4,452,568	\$8,213,692	\$10,547,749	\$12,453,039	\$15,000,317
Federal Grants	150,032	195,348	0	0	150,032	195,348
State Grants	1,809,963	1,890,717	0	0	1,809,963	1,890,717
Other	50,000	0	0	0	50,000	0
General Revenues:						
Property Taxes	19,774,491	20,294,741	0	0	19,774,491	20,294,741
Other Taxes	453,310	460,244	0	0	453,310	460,244
Investment Earnings	357,776	623,633	49,837	109,594	407,613	733,227
Total Revenues	<u>26,834,919</u>	<u>27,917,251</u>	<u>8,263,529</u>	<u>10,657,343</u>	<u>35,098,448</u>	<u>38,574,594</u>
Program Expenses:						
General Government	4,693,567	5,154,667	0	0	4,693,567	5,154,667
Judicial	2,049,750	2,270,554	0	0	2,049,750	2,270,554
Public Safety	9,847,977	10,720,861	0	0	9,847,977	10,720,861
Road Maintenance	2,286,830	3,318,828	0	0	2,286,830	3,318,828
Public Works	1,309,277	1,365,837	0	0	1,309,277	1,365,837
Health & Sanitation	2,015,234	2,124,102	0	0	2,015,234	2,124,102
Culture & Recreation	1,270,849	1,356,385	0	0	1,270,849	1,356,385
Library	837,813	885,081	0	0	837,813	885,081
Community Development	288,244	260,461	0	0	288,244	260,461
Interest on Long-term Debt	752,489	707,092	633,479	528,762	1,385,968	1,235,854
Water & Sewer	<u>0</u>	<u>0</u>	<u>6,449,731</u>	<u>7,511,092</u>	<u>6,449,731</u>	<u>7,511,092</u>
Total Expenses	<u>25,352,030</u>	<u>28,163,868</u>	<u>7,083,210</u>	<u>8,039,854</u>	<u>32,435,240</u>	<u>36,203,722</u>
Excess (shortage) before Transfers	1,482,889	(246,617)	1,180,319	2,617,489	2,663,208	2,370,872
Transfers	<u>(50,000)</u>	<u>(50,000)</u>	<u>50,000</u>	<u>50,000</u>	<u>0</u>	<u>0</u>
Increase (Decrease) in Net Assets	<u>\$ 1,432,889</u>	<u>(\$ 296,617)</u>	<u>\$ 1,230,319</u>	<u>\$ 2,667,489</u>	<u>\$2,663,208</u>	<u>\$2,370,872</u>

The City's total revenues for all programs increased by 9.9 percent (\$3,476,146). The total cost of all programs and services was increased 11.61 percent (\$3,768,482).

Governmental Activities

Revenues for the City's governmental activities increased by 4.03 percent (\$1,082,332), while total expenses increased 11.09 percent (\$2,811,838).

Table 3 presents the cost of each of the City's six largest programs—judicial, public safety, road maintenance, public works, health & sanitation, and recreation—as well as each program's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the City's taxpayers by each of these functions.

Table 3
Governmental Activities
(In Thousands)

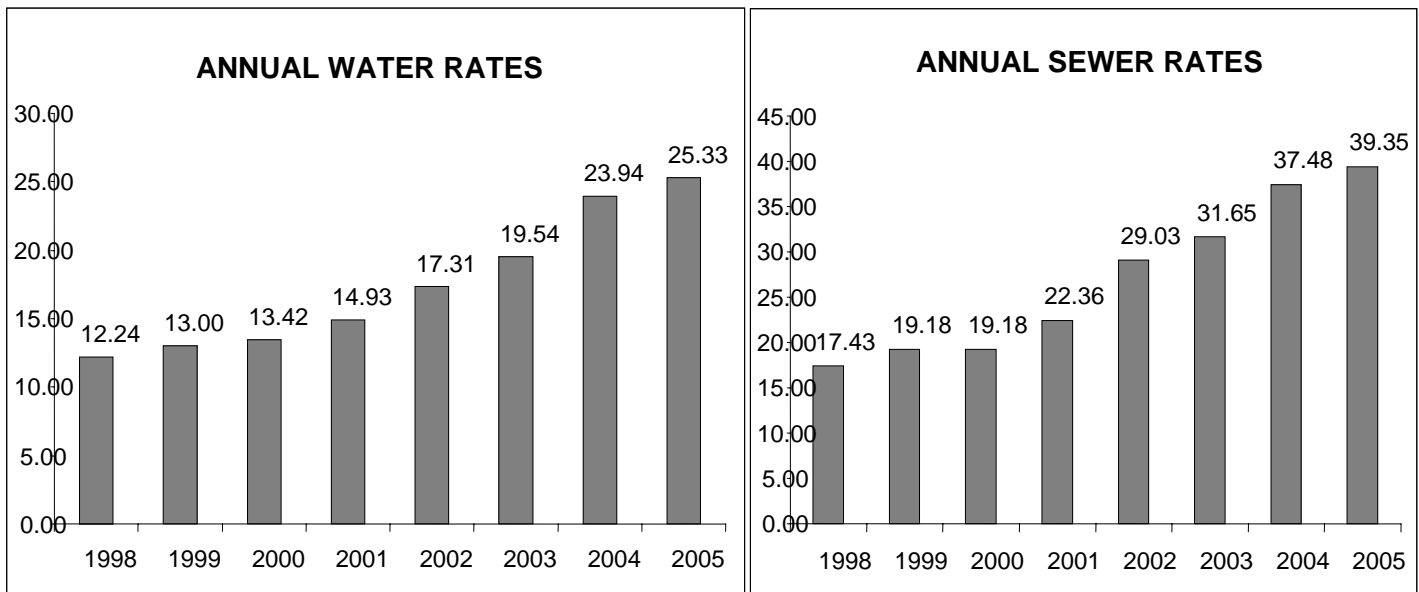
	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>
Judicial	\$ 2,049,750	\$ 2,270,554	(1,339,809)	(1,504,765)
Public Safety	9,847,977	10,720,861	(8,391,579)	(8,859,029)
Road Maintenance & Repair	2,286,830	3,318,828	(641,318)	(1,646,951)
Public Works	1,309,277	1,365,837	(1,019,811)	(1,234,538)
Health & Sanitation	2,015,234	2,124,102	(1,560,556)	(1,623,214)
Recreation	1,270,849	1,356,385	(797,165)	(924,478)
All others	5,819,624	6,300,209	(4,599,961)	(5,125,168)
Interest on long-term debt	<u>752,489</u>	<u>707,092</u>	<u>(752,489)</u>	<u>(707,092)</u>
Totals	<u>\$ 25,352,030</u>	<u>\$ 28,163,868</u>	<u>(\$ 19,102,688)</u>	<u>(\$ 21,625,235)</u>

Business-type Activities

The City has one business-type activity: the water and sewer system. Revenues of the City's Water and Sewer Fund (see Table 2) increased by 28.96 percent (\$8.26 million in FY 2004-2005 compared to \$10.66 million in FY 2005-2006) and expenses increased by 13.50 percent (\$7.083 million in FY 2004-2005 compared to \$8.040 million in FY 2005-2006). The City experienced a net income of \$2,667,489 in its Water and Sewer Fund. This was an increase from FY 2004-2005 income of \$1,230,319. The factors driving these results include:

The City's water and sewer system is old and aging. The City has posted a net income in each of the last five fiscal years, which has led to the general overall health of this fund. It is expected that infrastructure improvements in the near future will be funded from reserves. The City operates one enterprise fund, which accounts for the activities of the Water and Sewer System. Continuing improvements in the water and sewer system should provide its users with quality services through the end of this century.

Water rates were increased from \$23.94 per 1,000 cubic feet to \$25.33 per 1,000 cubic feet. This increase reflected the increase to purchase water from the City of Detroit. Sewer rates increased from \$37.48 to \$39.35 per 1,000 cubic feet. A recent history of the City's water and sewer rates follows:



THE CITY'S FUNDS

As the City completed the year, its governmental funds (as presented in the balance sheet on page 35) reported a combined fund balance of \$18.784 million, which is above last year's total of \$11.336 million. Included in this year's total change in fund balance is a decrease of \$342,632 in the City's General Fund. In addition, these other changes in fund balances should be noted:

The City was allowed by State law to increase its property tax by 2.3% (the raw rate of inflation). The assessed value of property in the City increased considerably more (5.9%) however because of property tax limitation laws tax revenue was limited. State shared revenue decreased in the General Fund by 2.33 percent (\$94,323). The State of Michigan collects sales tax and redistributes a portion of these collections to local jurisdictions. The City received decreased amounts because of an unfavorable economy.

The City spent \$3,750,142 in the last fiscal year in the Road Construction Fund and borrowed \$10.89 million that contributed to the increase in fund balance.

The City borrowed \$11.5 million in FY 2002-2003 and \$11,000,000 in FY 2005-2006 for the reconstruction of roads that was placed in a Capital Projects Fund. This is a six-year construction program that began two years ago. An amount of \$13.327 million remains in the Street Improvement fund balance. The City's fund balance changed in many of its governmental funds due to several factors:

The City's Major Street Fund increased fund balance \$488,621. This occurred because of favorable weather conditions that limited expenditures due to snow removal. The fact that reconstruction of the city's major streets is being funded by the Street Improvement Fund also helped reduce expenditures in this fund.

General Fund Budgetary Highlights

Over the course of the year, the City Council revised the City budget several times. These budget amendments fall into three categories. The first category includes amendments and supplemental appropriations that were approved as projects and contracts were competitively bid and come in higher than originally budgeted. The second included Council approved increases in appropriations when the FY 2006-2007 budget was passed.

These appropriations were to adjust the original budget when departments submitted estimated year-end figures that exceeded current budgeted amounts. Finally, the budget was amended at the last City Council meeting of the Fiscal Year to prevent budget overruns.

Even with these adjustments, the actual charges to appropriations (expenditures) were \$365 thousand above the final budget amounts in the General Fund. The most significant variances were with the Public Safety Department (\$418,398) and Department of Public Works (\$138,930), which were both over budget due to salaries paid after the end of the fiscal year which were earned before June 30, 2006.

Resources available for appropriation were \$562,846 above the final budgeted amount. Fines and Forfeits, which were higher than expected, accounted for the majority of this variance.

General Fund Revenue. The following paragraphs analyze the activities of the City's major funds. General Fund revenues totaled \$20,261,265, an increase of 3.88 percent from the prior year. Revenues by source were as follows:

General Fund Revenue:

<u>Revenue</u>	<u>FY 2004-2005 Amount</u>	<u>FY 2005-2006 Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease)</u>	<u>Percent Increase (Decrease) from FY 2004-2005</u>
Property Taxes	\$11,593,378	11,819,947	58.34%	\$226,569	1.95%
Licenses & Permits	394,236	416,152	2.05	21,916	5.55
Charges for Services	529,592	509,496	2.51	(20,096)	(3.79)
Fines and Forfeits	1,493,699	1,929,807	9.52	436,108	29.19
Intergovernmental	4,099,727	4,013,427	19.81	(86,300)	(2.10)
Interest Income	112,415	193,885	.96	81,470	72.47
Miscellaneous	<u>1,281,178</u>	<u>1,378,951</u>	<u>6.81</u>	<u>97,773</u>	<u>7.63</u>
Totals	<u>\$19,504,225</u>	<u>\$20,261,665</u>	<u>100%</u>	<u>\$757,440</u>	<u>3.88</u>

Ad Valorem taxes provide the City's primary source of revenue. Current collections remain high at 91.83 percent, and the City's total tax rate of 23.7201 per \$1,000 of taxable value is at the state's legal limit as provided for by the Headlee Amendment and the Truth in Taxation Act.

Assessed values in the City rose an average of 5.15%, led by an increase of 16.59% in Commercial Real Property values. Property tax revenue was limited to an increase of 1.95%. The tax rate for operating purposes decreased slightly from 16.4981 mills in Fiscal Year 2004 – 2005 to 16.3777 in Fiscal Year 2005 - 2006.

Licenses and permits increased by 5.55%. The number of permits increased by 195 permits and the total value of new construction was \$9.9 million in FY 2005 - 2006. This increase is an indication of investments made by individuals in their personal residence returning to a normal level after a record low year in FY 2002-2003.

Charges for Services decreased 3.79% indicating lower usage of recreation programs in FY 2005 – 2006.

Ordinance Fines levied by the 45-B District Court account for an increase of 9.5% in Fines and Forfeits. The increase is due to more tickets issued by the Department of Public Safety because the city increased the number of officers on duty from six per shift to seven per shift.

Intergovernmental Revenues decreased 2.10% due to the fact that the State of Michigan continues to reduce revenue sharing despite more sales tax collections, which are passed on to Michigan cities.

Interest income increased 72.47%, which is attributable to short term interest rates increasing from the prior year.

Miscellaneous Income increased 7.63% or \$97,773 in FY 2005 - 2006. The majority of this increase was due to increased reimbursements for expenditures the city had in connection with the annexation of a portion of Royal Oak Township.

General Fund Expenditures. General Fund expenditures were \$19,446,139, an increase of 7.27 percent from the preceding year. Broken down by major function, expenditures were as follows:

<u>Expenditure</u>	<u>FY 2004-2005 Amount</u>	<u>FY 2005-2006 Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease)</u>	<u>Percent Increase (Decrease)</u>
General Government	\$3,909,447	\$4,380,187	22.52%	\$470,740	12.04%
Public Safety	9,084,459	9,952,257	51.18	867,798	9.55
Public Works	1,023,786	1,020,800	5.25	(2,986)	(0.29)
Recreation	1,129,270	1,210,523	6.23	81,253	7.19
Library	754,336	792,078	4.07	37,742	5.00
Capital Outlay	75,872	69,596	.36	(6,276)	(8.27)
Other Non-departmental	<u>2,151,016</u>	<u>2,020,698</u>	<u>10.39</u>	<u>(130,318)</u>	<u>(6.06)</u>
Totals	<u>\$18,128,186</u>	<u>\$19,446,139</u>	<u>100%</u>	<u>\$1,317,953</u>	<u>7.27%</u>

General Fund expenditures increased \$1,317,953 or 7.27%.

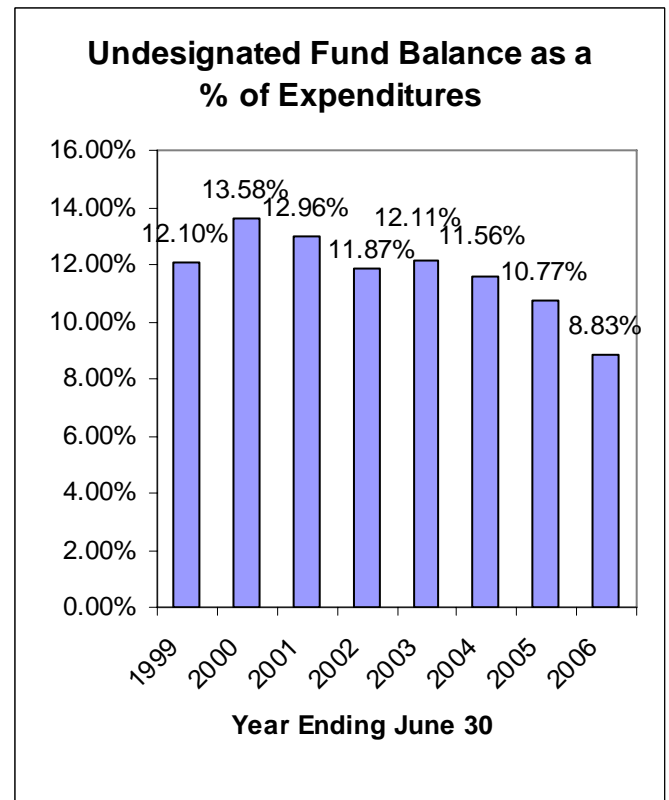
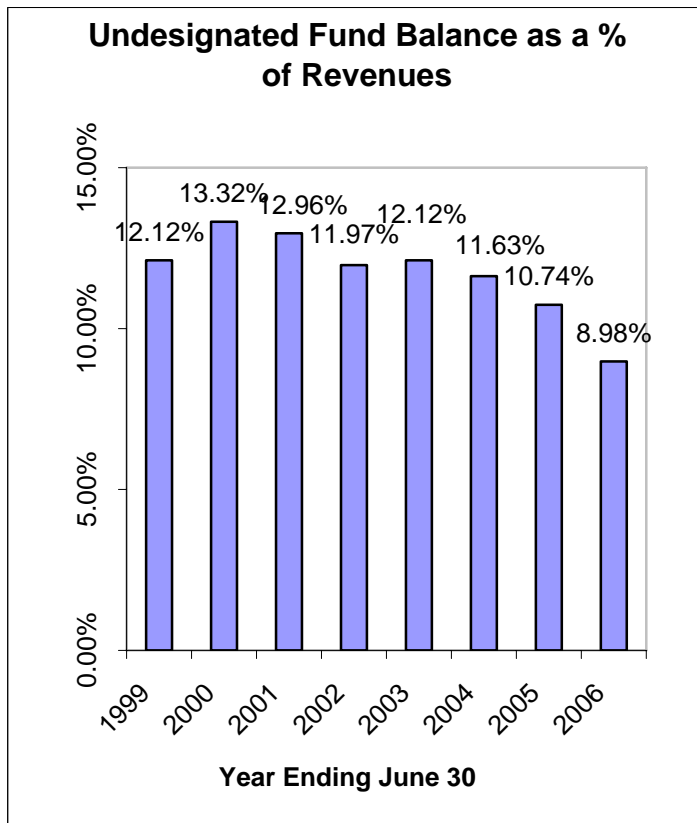
General Government expenditures increased \$470,740 in FY 2005-2006. The majority of this increase is due to in expenditures for the Technical and Planning Services Department (\$389,201 increase). The addition of a code inspector accounted for increases in salaries (\$41,874). Increases in fringe benefits (\$125,824) are due mainly to the retirement contribution for union worker's wages increasing from 20.52% in FY 2004-2005 to 28.54% in FY 2005-2006. Electricity expenditures increased \$85,852. Repairs to the city's buildings increased \$83,517.

The Public Safety Department increased \$867,798 or 9.55%. Increases in fringe benefits (\$862,488) are due mainly to the retirement contribution for public safety worker's wages increasing from 29.15% in FY 2004-2005 to 41.79% in FY 2005-2006.

The Public Works Department decreased \$2,986, or .29%. This modest decrease was due to holding the line on services and cost compared to last year.

The Recreation Department increased \$81,253, or 7.19%. The city's expenditures for senior services increased \$92,736 as more focus was given to programs for an aging population.

General Fund Balance. General Fund Balance at June 30, 2006 was decreased by 14.56 percent or \$342,632 from June 30, 2005. The unreserved-available for appropriation portion of fund balance decreased by \$253,269 for a total of \$1,869,269, which provides the City with 32.23 working days of expenditures, and is equivalent to 8.83 percent of annual expenditures. Our goal is to maintain this percentage at 8.33 to 16.67 percent (one to two months expenditures), a level considered adequate to meet any unforeseen events and avoid cash shortfalls during periods of low tax collections. An additional goal is to maintain fund balance at 10 to 15 percent of revenues. Undesignated Fund Balance can be graphically demonstrated as follows:



Special Revenue Funds. Special Revenue Funds account for revenue from specific revenue sources which are legally restricted for specified purposes. The City operates 12 separate special revenue funds as follows: (1) The Major Street Fund is used to finance the maintenance and construction of the City's major thorough-fares. (2) The Local Street Fund is used to finance the maintenance and construction of the City's minor thorough-fares. (3) The Narcotic Forfeiture Fund is used for the accounting of funds forfeited in drug arrests. (4) The Criminal Justice Training Fund is used for training in the Public Safety Department and is financed by fines levied at the District Court. (5) The Disaster Contingency Fund was established in prior years for the accounting and financing of natural disasters occurring within the City limits. (6) The Community Development Block Grant Fund is financed by grants received from the federal government and is restricted for use by the economically disadvantaged citizens of the City. (7) The After School Program is used to provide activities for students after school. (8) The P.U.S.H.

Program was established to account for grants received to counsel "at risk" youths. (9) The Solid Waste Fund is used to finance the collection, recycling and disposal of the City's garbage and refuse. It is funded by a tax levy and collection fee on property. (10) The Justice Assistance Grant Fund is used to account for the expenditures of the Public Safety Department which were submitted to the Federal Bureau of Justice Assistance to facilitate municipalities in reducing crime. (11) The Caseflow Assistance Fund is used to fund a portion of the cost of processing drunk drivers. (12) The District Court 45-B Fund is financed by a General Fund transfer-in and its uses are restricted to the operations of the District Court 45-B.

Capital Project Funds. The City had expenditures in three Capital Project Funds: Sidewalk Program, City Owned Property, and Street Improvement Fund.

The Sidewalk Program Fund had a fund balance at June 30, 2006 of \$84,804. This fund is used for the construction of sidewalks, which are billed to the property owner.

The City Owned Property Fund had a –0- fund balance at June 30, 2006. This fund is used for expenditures made on tax reverted property. The City took possession of one property to return it to the tax rolls by selling or transferring the property to private ownership.

The Street Improvement Fund had a fund balance at June 30, 2006 of \$13,327,438. This fund received \$11.5 million in FY 2002-2003 and \$11 million in FY 2005-2006 from proceeds of the sale of bonds. It is anticipated that the roads will be completed in three years.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2005, the City had \$51.2 million invested in a broad range of capital assets, including police and fire equipment, buildings, park facilities, roads, and water and sewer lines. (See Table 4 below.)

Table 4
Capital Assets at Year-end
(Net of Depreciation)

	Governmental Activities		Business- type Activities		Total Primary Government	
	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>
Land	\$1,579,345	1,503,145	\$ 11,502	\$ 11,502	\$ 1,590,847	\$1,514,647
Rights-of-way	600,818	600,818	0	0	600,818	600,818
Infrastructure - roads	15,350,037	15,884,626	0	0	15,350,037	15,884,626
Infrastructure – sidewalks	2,247,016	2,039,001	0	0	2,247,016	2,039,001
Infrastructure – water & sewer system	0	0	8,568,493	9,021,977	8,568,493	9,021,977
Buildings	672,824	629,130	36,461	32,785	709,285	661,915
Public Improvements	1,736,776	1,665,296	0	0	1,736,776	1,665,296
Library collection	97,972	120,390	0	0	97,972	120,390
Equipment - General	227,985	174,300	159,981	177,589	387,966	351,889
Equipment – Motor Pool	1,101,682	1,339,191	0	0	1,101,682	1,339,191

Work in Progress	<u>3,248,060</u>	<u>4,547,325</u>	<u>15,592,268</u>	<u>17,016,500</u>	<u>18,840,328</u>	<u>21,563,825</u>
Totals	<u>\$26,862,515</u>	<u>\$28,503,222</u>	<u>\$24,368,705</u>	<u>\$26,260,353</u>	<u>\$51,231,220</u>	<u>\$54,763,575</u>

This year's major additions included:

Document shredder – Public Safety	\$ 6,677
Reconstruct Cloverdale Street	1,124,520
Reconstruct Fern Street	343,407
Reconstruct Rosewood Street	214,650
Dump Truck in Motor Pool	95,921

The City's Fiscal Year 2006-2007 capital budget calls for it to spend another \$12,669,840 for capital projects, principally for the continuation of its road reconstruction program, improvements to the city parks, acquisition of replacement vehicles, and replacement water mains. The City has no plans to issue additional debt to finance these projects. Rather, we will use current reserves to finance these projects. More detailed information about the City's capital assets is presented in Notes 1, 6 and 7 to the financial statements.

Debt

Under current State Statutes, the City's net debt may not exceed 10% of the total assessed value of real and personal property as certified by the City Assessor. The City's net debt of \$28,672,918 (See Schedule 12 in Statistical Section) is 3.04% of assessed value, and provides a legal debt margin of \$64,432,604. Net bonded debt per capita equaled \$884.91.

The long-term debt obligations of the City consist of general obligation bonds outstanding of \$29,055,000.

The general obligation bonds are being retired with revenues from a millage levied on all personal and real property in the City. The City levied 3.8933 mills per \$1,000 of state taxable value in Fiscal Year 2005-2006 for the retirement of debt. At year-end, the City had \$45,976,387 in bonds outstanding versus \$37,256,313 last year—an increase of 23.41 percent—as shown in Table 5.

Table 5
Outstanding Debt, at Year-end

	Governmental Activities		Business- type Activities		Totals	
	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>
General Obligation Bonds (backed by the City)	\$19,930,000	\$29,055,000	\$ -0-	\$ -0-	\$19,930,000	\$29,055,000
Revenue Bonds (backed by specific fee revenues)	-0-	-0-	<u>17,326,313</u>	<u>16,921,387</u>	<u>17,326,313</u>	<u>16,921,387</u>
Totals	<u>\$19,930,000</u>	<u>\$29,055,000</u>	<u>\$17,326,313</u>	<u>\$16,921,387</u>	<u>\$37,256,313</u>	<u>\$45,976,387</u>

The City received approval from the voters in November of 2002 to borrow \$22.5 million for the repair of roads and municipal parking lots. The City sold \$11.5 million in General Obligation Bonds on May 1, 2003. and \$11 million in May of 2006.

At June 30, 2006 the 2003 Street Improvement Bond Fund, the 2003 Street Refunding Bond Fund and the 2006 Street Improvement Bond Fund were the only outstanding GO bonds. These bonds are paid by a tax levied on all taxpayers separate from operating millage. A mill represents 1 dollar paid for every \$1,000 of taxable value of real and personal property. The city's debt service levy in FY 2005-2006 was 3.8933 mills. Requirements for general obligation bonds will decrease until all bonds are paid off in May of 2028.

On June 30, 2003 the City had \$3.175 million of outstanding debt from the 1992 Refunding Bonds. In March of 2004 these bonds were redeemed to take advantage of favorable interest rates. The 2004 Refunding Bonds in the amount of \$2.945 million were issued to replace these bonds. These revenue bonds had an outstanding balance of \$2.375 million on June 30, 2006.

The City belongs to a consortium of cities known as the Twelve Towns Drain District. This district was formed to collect and treat sewage and storm water for 14 communities. In 1998 the Michigan Department of Environmental Quality ordered the district to upgrade its retention facility and decrease its excess flows into Lake Sinclair. The total estimated cost of these improvements is \$130 million, of which the City of Oak Park is responsible for 13.48%. This project began in FY 2000-2001.

The District is borrowing funds through construction draw downs to complete this project. As of June 30, 2006 the City is obligated to pay \$14,546,387. Due to the nature of draw downs the exact obligation will be unknown until the project is complete or no other draw downs are made. Payments on these obligations continue until 2024, ranging from \$ 13,010 to \$1,082,147. The City will increase sewer rates to pay this debt.

The City's general obligation Moody's Investor Service underlying bond rating continues to be A3 with outstanding debt having the highest rating due to bond insurance purchased at the time of issuance. The State limits the amount of general obligation debt that cities can issue to 10 percent of the assessed value of all taxable property within the City's corporate limits. The City's outstanding general obligation debt is significantly below this \$93.11 million state-imposed limit.

Other obligations include accrued vacation pay and sick leave. More detailed information about the City's long-term liabilities is presented in Note 16 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Oak Park (population 32,399) is primarily a residential community located in southeastern Oakland County, Michigan. The City's proximity to the downtown Detroit metropolitan area and several major roadways, including Interstate Highway 696, have helped spur considerable residential redevelopment. The local tax base has exhibited growth averaging 5.93% per year from fiscal 2001-2006 to a current market value of \$1.8 billion; despite developmental restrictions (only 1% of total City land area is vacant). Some commercial and light industrial property development is also expected over the next few years. Income levels, as measured by per capita effective buying income, are on par with both state and national levels. Unemployment is 7.0% in September 2005.

In FY 2005-2006, the general fund posted a decrease in fund balance of \$342,632. The current unreserved fund balance of \$1.869 million is 8.86% of expenditures. Management's fiscal policy is to maintain reserves between 8%-16% of annual expenditures. The City, which relies heavily on property taxes (56.86% of total revenue), is operating at the state-authorized tax rate limit. The City adopted a budget for FY 2006-2007 with a planned increase of fund balance of \$6,240.

Overall net general bonded debt is moderate, at \$885 per capita and 3.08% of assessed value.

The City's elected and appointed officials considered many factors when setting the Fiscal Year 2006-2007 budget including, tax rates, and fees to be charged for the business-type activities. One of those factors is the economy. Unemployment in the City now stands at 7.0 percent versus 5.6 percent a year ago. This compares with the State's unemployment rate of 7.1 percent and the national rate of 4.6 percent.

Inflation in the metropolitan area has leveled off and was larger than the national Consumer Price Index (CPI). The Detroit areas CPI increase was 3.4 percent for 2006 compared with the average U.S. city with population less than 50,000 rate of 2.2 percent and the national rate of 2.1 percent.

These indicators were taken into account when adopting the General Fund budget for Fiscal Year 2006-2007. The FY 2006-2007 budget was adopted in May of 2006 during the economic downturn that is affecting municipalities throughout the state. Amounts available for appropriation in the General Fund budget are \$20.9 million, an increase of 3.99 percent over the final FY 2005-2006 budget of \$20.1 million. Property tax revenue are budgeted to increase 3.24%. Other revenue sources are expected to increase slightly or remain flat. Budgeted expenditures are expected to increase 3.98 percent, to \$20.9 million from \$20.1 million in FY 2005-2006. Increased premiums of 2.01 percent for health care for current employees and retirees, and increased retirement costs due to losses in the employee's retirement system required the City to reduce its work force by two full-time positions and eliminate most of its capital expenditures. The City has added no major new programs or initiatives to the FY 2006-2007 budget.

As for the City's Water & Sewer Fund, we expect that the FY 2006-2007 to be a year in which service is improved because of two ongoing programs:

- The installation of radio read meters will be in its final year of a five-year program. These radio reads will allow our meter readers to read meters from a remote location without having to approach every user of water.

- The televising of the City's sewers will allow us to develop a preventative program to improve our infrastructure in the most needed areas before a breakdown occurs.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Director of Finance and Administrative Services' Office, at the City of Oak Park, 13600 Oak Park Blvd., Oak Park, MI, 48237.

CITY OF OAK PARK, MICHIGAN
STATEMENT OF NET ASSETS
JUNE 30, 2006

	Primary Government			Component
	Governmental	Business-type	Total	Units
	Activities	Activities		
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 11,984,734	\$ 506,932	\$ 12,491,666	\$ 11,742
Restricted cash and cash equivalents	243,141	-	243,141	-
Investments	8,408,908	352,634	8,761,542	-
Receivables (net)	2,438,581	3,766,943	6,205,524	-
Prepaid expenses	249,698	13,329	263,027	-
Total current assets	23,325,062	4,639,838	27,964,900	11,742
Noncurrent assets:				
Capital assets, net of depreciation (note 6)	21,851,934	9,232,350	31,084,284	-
Land	1,503,145	11,502	1,514,647	-
Rights-of-way	600,818	-	600,818	-
Work in progress	4,547,325	17,016,501	21,563,826	-
Total noncurrent assets	28,503,222	26,260,353	54,763,575	-
Total assets	\$ 51,828,284	\$ 30,900,191	\$ 82,728,475	\$ 11,742
LIABILITIES				
Current liabilities:				
Accounts payable, accrued and other liabilities	\$ 2,106,330	\$ 840,571	\$ 2,946,901	\$ 5,783
Unearned revenue	150,918	-	150,918	-
Current portion of accumulated compensated absences	37,792	7,530	45,322	-
Current portion of long-term obligations (Note 16)	1,580,000	972,699	2,552,699	-
Total current liabilities	3,875,040	1,820,800	5,695,840	5,783
Noncurrent liabilities:				
Accumulated compensated absences	1,902,996	39,693	1,942,689	-
Noncurrent portion of long-term obligations (Note 16)	27,475,000	15,948,688	43,423,688	-
Total liabilities	33,253,036	17,809,181	51,062,217	5,783
NET ASSETS				
Invested in capital assets, net of related debt	5,900,897	9,338,966	15,239,863	-
Restricted for:				
Capital projects	7,172,808	-	7,172,808	-
Debt service	371,772	-	371,772	-
Unrestricted	5,129,771	3,752,044	8,881,815	5,959
Total net assets	18,575,248	13,091,010	31,666,258	5,959
Total liabilities and net assets	\$ 51,828,284	\$ 30,900,191	\$ 82,728,475	\$ 11,742

The notes to the financial statements are an integral part of this statement.

**CITY OF OAK PARK, MICHIGAN
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2006**

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets									
	Program Revenues				Changes in Net Assets					
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Business-type		Total	Component Units
					Governmental Activities	Business-type Activities				
Primary Government										
Governmental Activities:										
General government	\$ 5,154,667	\$ 891,142	\$ -	\$ -	(4,263,525)	\$ -	\$ -	(4,263,525)	\$ -	-
Judicial	2,270,554	656,836	108,953	-	(1,504,765)	-	-	(1,504,765)	-	-
Public safety	10,720,861	1,832,233	29,599	-	(8,859,029)	-	-	(8,859,029)	-	-
Road maintenance and repair	3,318,828	(12,982)	1,684,859	-	(1,646,951)	-	-	(1,646,951)	-	-
Public works	1,365,837	131,299	-	-	(1,234,538)	-	-	(1,234,538)	-	-
Health and sanitation	2,124,102	500,888	-	-	(1,623,214)	-	-	(1,623,214)	-	-
Culture and recreation	1,356,385	431,907	-	-	(924,478)	-	-	(924,478)	-	-
Library	885,081	26,410	67,306	-	(791,365)	-	-	(791,365)	-	-
Community development	260,461	(5,165)	195,348	-	(70,278)	-	-	(70,278)	-	(85,967)
Interest on long-term debt	707,092	-	-	-	(707,092)	-	-	(707,092)	-	-
Total governmental activities	28,163,868	4,452,568	2,086,065	-	(21,625,235)	-	-	(21,625,235)	-	(85,967)
Business-type Activities:										
Water and sewer	8,039,854	10,547,749	-	-	-	2,507,895	2,507,895	2,507,895	-	-
Total primary government	\$ 36,203,722	\$ 15,000,317	\$ 2,086,065	\$ -	(21,625,235)	2,507,895	(19,117,340)	(85,967)		
General revenues:										
Taxes:										
Property taxes, levied for general purposes					17,766,825	-	17,766,825	84,590		
Property taxes, levied for debt services					2,527,916	-	2,527,916	-		
Franchise taxes					460,244	-	460,244	-		
Investment earnings					623,633	109,594	733,227	36		
Transfers					(50,000)	50,000	-	-		
Total general revenues and transfers					21,328,618	159,594	21,488,212	84,626		
Change in net assets					(296,617)	2,667,489	2,370,872	(1,341)		
Net assets-beginning					18,871,865	10,423,521	29,295,386	7,300		
Net assets-ending					\$ 18,575,248	\$ 13,091,010	\$ 31,666,258	\$ 5,959		

The notes to the financial statements are an integral part of this statement.

**CITY OF OAK PARK, MICHIGAN
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2006**

	GENERAL	MAJOR STREET	SOLID WASTE	ROAD CONSTRUCTION	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>ASSETS</u>						
Cash and cash equivalents	\$ 919,613	\$ 845,902	\$ 178,851	\$ 8,228,002	\$ 1,017,228	\$ 11,189,596
Investments	624,607	588,893	124,510	5,728,101	478,652	7,544,763
Receivables:						
Taxes	405,692	-	49,400	-	82,743	537,835
Customers, billed	346,605	92,074	164,543	114,464	72,320	790,006
Special assessments	1,478	-	-	-	11,606	13,084
Accrued interest	9,620	7,365	1,597	69,806	5,351	93,739
Due from other governmental units	20,058	-	-	-	106,006	126,064
Due from State	776,332	189,165	-	-	74,708	1,040,205
Due from other funds	92,440	-	-	-	-	92,440
Restricted assets:						
Cash and cash equivalents	-	-	-	-	243,141	243,141
Prepaid expenditures	141,640	1,080	2,578	1,089	30,687	177,074
<u>TOTAL ASSETS</u>	\$ 3,338,085	\$ 1,724,479	\$ 521,479	\$ 14,141,462	\$ 2,122,442	\$ 21,847,947
<u>LIABILITIES AND FUND BALANCES</u>						
LIABILITIES						
Accounts payable	\$ 326,085	\$ 32,874	\$ 125,147	\$ 813,343	\$ 155,065	\$ 1,452,514
Accounts payable from restricted assets	-	-	-	-	243,141	243,141
Accrued and other liabilities	227,377	1,943	2,926	681	38,580	271,507
Due to other funds	-	-	-	-	92,440	92,440
Deferred revenue	773,854	92,073	48,611	-	89,970	1,004,508
TOTAL LIABILITIES	1,327,316	126,890	176,684	814,024	619,196	3,064,110
FUND BALANCES						
Reserved for:						
Debt service	-	-	-	-	371,772	371,772
Capital projects	-	-	-	13,326,349	298,045	13,624,394
Prepaid expenditures	141,640	1,080	2,578	1,089	30,687	177,074
Unreserved, reported in:						
General Fund	1,869,129	-	-	-	-	1,869,129
Special Revenue Funds	-	1,596,509	342,217	-	802,742	2,741,468
TOTAL FUND BALANCES	2,010,769	1,597,589	344,795	13,327,438	1,503,246	18,783,837
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	\$ 3,338,085	\$ 1,724,479	\$ 521,479	\$ 14,141,462	\$ 2,122,442	\$ 21,847,947

The notes to the financial statements are an integral part of this statement.

CITY OF OAK PARK, MICHIGAN
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET and
STATEMENT OF NET ASSETS
JUNE 30, 2006

	Modified Accrual Basis							Full Accrual Basis	
	TOTAL		Reconciling Items						
	GOVERNMENTAL		CAPITAL	UNEXPENDED	COMPENSATED	DEFERRED	ELIMINATE	INTERNAL	TOTAL
	FUNDS	TERM DEBT	ASSETS & LONG	LONG	ABSENCES	REVENUES	INTERFUND	SERVICE	
				TERM DEBT			RECEIVABLES	FUNDS	
<u>ASSETS</u>									
Cash and cash equivalents	\$ 11,189,596	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	795,138	\$ 11,984,734
Investments	7,544,763	-	-	-	-	-	-	864,145	8,408,908
Receivables:									
Taxes	537,835	-	-	-	-	-	-	-	537,835
Customers, billed	790,006	-	-	-	-	(169,019)	-	-	620,987
Special assessments	13,084	-	-	-	-	-	-	-	13,084
Accrued interest	93,739	-	-	-	-	-	-	6,667	100,406
Due from other governmental units	126,064	-	-	-	-	-	-	-	126,064
Due from State	1,040,205	-	-	-	-	-	-	-	1,040,205
Due from other funds	92,440	-	-	-	-	-	(92,440)	-	-
Prepaid expenditures	177,074	-	-	-	-	-	-	72,624	249,698
Total Current Assets	21,604,806	-	-	-	-	(169,019)	(92,440)	1,738,574	23,081,921
Restricted assets:									
Cash and cash equivalents	243,141	-	-	-	-	-	-	-	243,141
Capital Assets:									
Land	-	1,503,145	-	-	-	-	-	-	1,503,145
Rights-of-way	-	600,818	-	-	-	-	-	-	600,818
Work in progress	-	4,547,325	-	-	-	-	-	-	4,547,325
Infrastructure - roads, net	-	15,884,626	-	-	-	-	-	-	15,884,626
Infrastructure - sidewalks, net	-	2,039,001	-	-	-	-	-	-	2,039,001
Depreciable buildings, net	-	629,130	-	-	-	-	-	-	629,130
Depreciable public improvements, net	-	1,665,296	-	-	-	-	-	-	1,665,296
Library Collection	-	120,390	-	-	-	-	-	-	120,390
Equipment, net	-	170,987	-	-	-	-	-	-	170,987
Equipment, net - Motor Pool	-	-	-	-	-	-	-	1,339,191	1,339,191
Equipment, net - Central Services	-	-	-	-	-	-	-	3,313	3,313
Total Non-current assets	243,141	27,160,718	-	-	-	-	-	1,342,504	28,746,363
TOTAL ASSETS	\$ 21,847,947	\$ 27,160,718	\$ -	\$ -	\$ -	\$ (169,019)	\$ (92,440)	\$ 3,081,078	\$ 51,828,284
<u>LIABILITIES AND FUND BALANCES</u>									
LIABILITIES									
Accounts payable	\$ 1,452,514	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	36,624	\$ 1,489,138
Accounts payable from restricted assets	243,141	-	-	-	-	-	-	-	243,141
Accrued and other liabilities	271,507	-	-	-	-	-	-	102,544	374,051
Due to other funds	92,440	-	-	-	-	-	(92,440)	-	-
Bonds payable - current	-	1,580,000	-	-	-	-	-	-	1,580,000
Deferred revenue	1,004,508	-	-	-	-	(853,590)	-	-	150,918
Accumulated compensated absences	-	-	-	-	1,940,788	-	-	-	1,940,788
Bonds payable - net of current portion and bond discount	-	27,475,000	-	-	-	-	-	-	27,475,000
TOTAL LIABILITIES	3,064,110	29,055,000	-	1,940,788	(853,590)	(92,440)	139,168	33,253,036	
FUND BALANCES									
Reserved for:									
Debt service	371,772	-	-	-	-	-	-	-	371,772
Capital projects	13,624,394	-	(6,452,675)	-	-	-	-	-	7,171,719
Self insurance payable	-	-	-	-	-	-	-	240,579	240,579
Retiree Health Care	-	-	-	-	-	-	-	604,469	604,469
Prepaid expenditures	177,074	-	-	-	-	-	-	-	177,074
Unreserved Fund Balance	4,610,597	(1,894,282)	6,452,675	(1,940,788)	684,571	-	-	2,096,862	10,009,635
TOTAL FUND BALANCES/NET ASSETS	18,783,837	(1,894,282)	-	(1,940,788)	684,571	-	2,941,910	18,575,248	
TOTAL LIABILITIES AND FUND BALANCES	\$ 21,847,947	\$ 27,160,718	\$ -	\$ -	\$ (169,019)	\$ (92,440)	\$ 3,081,078	\$ 51,828,284	

The notes to the financial statements are an integral part of this statement (See Note 8 on page 68).

CITY OF OAK PARK, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES, and CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

	GENERAL	MAJOR STREET	SOLID WASTE	ROAD CONSTRUCTION	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES						
Property taxes	\$ 11,819,947	\$ -	\$ 1,595,375	\$ -	\$ 2,527,916	\$ 15,943,238
Special assessments	-	21,035	-	-	26,109	47,144
Licenses and permits	416,152	-	-	-	-	416,152
Intergovernmental revenue:						
Federal grants	-	-	-	-	210,129	210,129
State grants	4,013,427	1,145,625	-	-	558,525	5,717,577
Other grants	-	-	-	-	15,524	15,524
Charges for services	509,496	-	483,066	-	215,275	1,207,837
Fines and forfeitures	1,929,807	-	-	-	79,046	2,008,853
Interest	193,885	46,143	29,264	239,317	129,172	637,781
Other	1,378,951	-	-	-	-	1,378,951
TOTAL REVENUES	20,261,665	1,212,803	2,107,705	239,317	3,761,696	27,583,186
EXPENDITURES						
Current:						
Judicial	-	-	-	-	2,034,224	2,034,224
General government	4,380,187	-	-	-	-	4,380,187
Public safety	9,952,257	-	-	-	99,306	10,051,563
Road maintenance and repair	-	437,776	-	747,245	636,570	1,821,591
Public works	1,020,800	-	2,083,917	-	21,769	3,126,486
Recreation and culture	1,210,523	-	-	-	-	1,210,523
Library	792,078	-	-	-	-	792,078
Community enrichment and development	-	-	-	-	187,818	187,818
Other non-departmental	2,020,698	-	-	-	-	2,020,698
Debt service:						
Principal	-	-	-	-	1,875,000	1,875,000
Interest	-	-	-	-	707,092	707,092
Capital outlay and construction	69,596	-	-	3,002,897	-	3,072,493
TOTAL EXPENDITURES	19,446,139	437,776	2,083,917	3,750,142	5,561,779	31,279,753
REVENUES OVER (UNDER) EXPENDITURES	815,526	775,027	23,788	(3,510,825)	(1,800,083)	(3,696,567)
OTHER FINANCING SOURCES (USES)						
Proceeds from bond sale	-	-	-	10,890,965	-	10,890,965
Sale of Capital Assets	303,425	-	-	-	-	303,425
Transfers in	260,000	-	-	-	2,007,989	2,267,989
Transfers (out)	(1,721,583)	(286,406)	(310,000)	-	-	(2,317,989)
TOTAL OTHER FINANCING SOURCES (USES)	(1,158,158)	(286,406)	(310,000)	10,890,965	2,007,989	11,144,390
NET CHANGE IN FUND BALANCES	(342,632)	488,621	(286,212)	7,380,140	207,906	7,447,823
FUND BALANCES , BEGINNING OF YEAR	2,353,401	1,108,968	631,007	5,947,298	1,295,340	11,336,014
FUND BALANCES , END OF YEAR	\$ 2,010,769	\$ 1,597,589	\$ 344,795	\$ 13,327,438	\$ 1,503,246	\$ 18,783,837

The notes to the financial statements are an integral part of this statement.

CITY OF OAK PARK, MICHIGAN
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, and
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2006

Net change in fund balances - total governmental funds	\$ 7,447,823
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	1,481,055
Bonds issued during the year increase fund balance but are recorded as long term debt on the Statement of Net Assets	(11,000,000)
Sale of Capital Assets is recorded as a revenue in the Governmental Funds as an Other Financing Source. The value of the Capital Asset is reduced by the cost and not reflected in Governmental Funds.	(76,200)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Long-term debt for capital assets is a reduction of net assets however, a reduction of the debt increases net assets. This is the amount of principal paid on long-term debt.	1,875,000
Revenues in the statement of activities that do not provide financial resources are not reported as revenues in the funds. The amount of deferred revenues (mainly delinquent personal property tax) recognized as revenue in the statement of activities is presented here.	18,276
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. The amount of expenditures for accumulated compensated absences is reported here.	(32,987)
Internal Service funds are used by management to charge the costs of certain activities, such as insurance, motor pool, central services, and retirees health care, to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.	<div style="border-top: 1px solid black;">(9,584)</div>
	<div style="border-top: 1px solid black; border-bottom: 3px double black;">\$ (296,617)</div>

The notes to the financial statements are an integral part of this statement.

CITY OF OAK PARK, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES, and CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive
				(Negative)
Budgetary fund balance, July 1	\$ 2,488,062	\$ 2,353,401	\$ 2,353,401	\$ -
Resources (inflows):				
Taxes, Penalties & Interest	12,136,206	12,120,346	11,819,947	(300,399)
Licenses & Permits	334,350	355,625	416,152	60,527
State Grants	4,121,680	4,324,071	4,013,427	(310,644)
Interest Income	120,000	148,000	193,885	45,885
Service Charges	451,525	466,600	509,496	42,896
Contributions - Other Funds	790,020	260,000	260,000	-
Fines and Forfeits	1,615,800	1,615,300	1,929,807	314,507
Miscellaneous Income	905,443	972,302	1,682,376	710,074
Amounts available for appropriation	<u>22,963,086</u>	<u>22,615,645</u>	<u>23,178,491</u>	<u>562,846</u>
Charges to appropriation (outflows):				
General government:				
City Council	115,711	122,711	120,643	2,068
City Manager	490,107	490,107	476,031	14,076
Information Technology	206,845	245,245	233,856	11,389
City Attorney	120,230	190,266	183,872	6,394
Prosecuting Attorney	95,962	95,962	95,800	162
City Clerk	445,793	445,793	441,606	4,187
Finance & Administrative Services	966,631	691,631	626,864	64,767
Public Information	358,085	372,505	394,232	(21,727)
Technical and Planning Services	2,280,042	2,184,512	2,201,515	(17,003)
Public Safety	8,558,427	9,540,636	9,959,034	(418,398)
Public Works	935,660	881,870	1,020,800	(138,930)
Recreation	1,245,681	1,245,681	1,210,523	35,158
Library	859,789	852,650	854,897	(2,247)
Nondepartmental	2,224,408	1,714,747	1,626,466	88,281
Transfers Out	2,116,170	1,727,783	1,721,583	6,200
Total Charges To Appropriations	<u>21,019,541</u>	<u>20,802,099</u>	<u>21,167,722</u>	<u>(365,623)</u>
Budgetary fund balance, June 30	<u>\$ 1,943,545</u>	<u>\$ 1,813,546</u>	<u>\$ 2,010,769</u>	<u>\$ 197,223</u>

The notes to the financial statements are an integral part of this statement.

CITY OF OAK PARK, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES, and CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL - MAJOR STREET FUND
FOR THE YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive
				(Negative)
Budgetary fund balance, July 1	\$ 1,145,682	\$ 1,110,820	\$ 1,108,968	\$ (1,852)
Resources (inflows):				
State Grants - Streets	1,200,000	1,200,000	1,145,625	(54,375)
Special Assessments	15,400	15,400	21,035	5,635
Interest Income & Other	8,000	8,000	46,143	38,143
Amounts available for appropriator	<u>2,369,082</u>	<u>2,334,220</u>	<u>2,321,771</u>	<u>(12,449)</u>
Charges to appropriation (outflows):				
Road Maintenance & Repair	450,556	464,194	437,776	26,418
Transfers Out	<u>325,000</u>	<u>375,000</u>	<u>286,406</u>	<u>88,594</u>
Total Charges To Appropriations	<u>775,556</u>	<u>839,194</u>	<u>724,182</u>	<u>115,012</u>
Budgetary fund balance, June 30	<u>\$ 1,593,526</u>	<u>\$ 1,495,026</u>	<u>\$ 1,597,589</u>	<u>\$ 102,563</u>

The notes to the financial statements are an integral part of this statement.

CITY OF OAK PARK, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES, and CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL - SOLID WASTE FUND
FOR THE YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Budgetary fund balance, July 1	\$ 409,087	\$ 631,007	\$ 631,007	\$ -
Resources (inflows):				
Property Taxes	1,640,751	1,640,751	1,595,375	(45,376)
Miscellaneous Fees	480,000	497,619	483,066	(14,553)
Interest Income	<u>20,000</u>	<u>20,000</u>	<u>29,264</u>	<u>9,264</u>
Amounts available for appropriation	<u>2,549,838</u>	<u>2,789,377</u>	<u>2,738,712</u>	<u>(50,665)</u>
Charges to appropriation (outflows):				
Public Works - Sanitation	2,125,924	2,145,924	2,083,917	62,007
Transfers Out	<u>310,000</u>	<u>310,000</u>	<u>310,000</u>	<u>-</u>
Total Charges To Appropriations	<u>2,435,924</u>	<u>2,455,924</u>	<u>2,393,917</u>	<u>62,007</u>
Budgetary fund balance, June 30	<u>\$ 113,914</u>	<u>\$ 333,453</u>	<u>\$ 344,795</u>	<u>\$ 11,342</u>

The notes to the financial statements are an integral part of this statement.

CITY OF OAK PARK, MICHIGAN
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2006

	Business-type Activities - Enterprise Fund Water and Sewer	Governmental Activities - Internal Service Funds
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 506,932	\$ 795,138
Investments	352,634	864,145
Receivables (net)	3,745,779	6,667
Due from other units of government	21,164	-
Prepaid expenses	13,329	72,624
	<hr/>	<hr/>
Total current assets	4,639,838	1,738,574
	<hr/>	<hr/>
Noncurrent assets:		
Depreciable Net Assets	26,260,353	1,342,504
	<hr/>	<hr/>
Total assets	\$ 30,900,191	\$ 3,081,078
	<hr/> <hr/>	<hr/> <hr/>
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 661,116	\$ 36,624
Current portion of accumulated compensated absences	7,530	-
Accrued and other liabilities	179,455	102,544
Current portion of long-term obligations (Note 16)	972,699	-
	<hr/>	<hr/>
Total current liabilities	1,820,800	139,168
	<hr/>	<hr/>
Noncurrent liabilities:		
Accumulated Compensated Absences	39,693	-
Noncurrent portion of long-term obligations (Note 16)	15,948,688	-
	<hr/>	<hr/>
Total noncurrent liabilities	15,988,381	-
	<hr/>	<hr/>
Total liabilities	17,809,181	139,168
	<hr/>	<hr/>
NET ASSETS		
Invested in capital assets, net of related debt	9,338,966	1,342,504
Unrestricted	3,752,044	1,599,406
	<hr/>	<hr/>
Total net assets	13,091,010	2,941,910
	<hr/>	<hr/>
Total liabilities and net assets	\$ 30,900,191	\$ 3,081,078
	<hr/> <hr/>	<hr/> <hr/>

The notes to the financial statements are an integral part of this statement.

CITY OF OAK PARK, MICHIGAN
STATEMENT OF REVENUES, EXPENSES, and CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

	Business-type Activities - Enterprise Fund Water and Sewer	Governmental Activities - Internal Service Funds
Operating revenues:		
Charges for services	\$ 10,413,195	\$ 1,526,785
Fines and forfeitures	-	71,995
Miscellaneous	134,554	34,907
Total operating revenues	<u>10,547,749</u>	<u>1,633,687</u>
Operating expenses:		
Gas purchases	-	169,164
Professional services	-	47,298
Supplies	-	159,491
Postage	-	57,113
Water purchases	1,656,500	-
Sewage treatment	3,192,102	-
Transmission and distribution	891,895	-
Maintenance and operation	746,572	-
Customer accounting and collection	421,479	-
General and administration	347,033	-
Depreciation	255,511	263,468
Wages and benefits	-	188,234
Claims	-	15,350
Insurance payments	-	817,794
Other	-	13,923
Total operating expenses	<u>7,511,092</u>	<u>1,731,835</u>
Operating income (loss)	<u>3,036,657</u>	<u>(98,148)</u>
Nonoperating revenues (expenses):		
Interest and investment revenues	109,594	44,534
Gain on investments	-	24,561
Interest expense	(528,762)	-
Loss on disposal of capital assets	-	19,469
Total nonoperating revenues (expenses):	<u>(419,168)</u>	<u>88,564</u>
Income (loss) before transfers	<u>2,617,489</u>	<u>(9,584)</u>
Transfers in	<u>50,000</u>	<u>-</u>
Change in net assets	<u>2,667,489</u>	<u>(9,584)</u>
Total net assets - beginning	<u>10,423,521</u>	<u>2,951,494</u>
Total net assets - ending	<u><u>\$ 13,091,010</u></u>	<u><u>\$ 2,941,910</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF OAK PARK, MICHIGAN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

	Business-type Activities - Enterprise Fund Water and Sewer	Governmental Activities - Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 10,648,130	\$ -
Receipts from interfund services provided	-	1,526,785
Payments to suppliers	(6,430,062)	(1,272,734)
Payments to employees	(1,002,649)	(188,234)
Claims paid	-	(2,000)
Other receipts (payments)	-	106,772
Net cash provided by operating activities	3,215,419	170,589
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Operating subsidies and transfers from other funds	50,000	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from disposal of capital assets	-	(505,449)
Purchases of capital assets	(2,147,158)	25,598
Capital debt issued	535,822	-
Capital debt retired	(940,749)	-
Interest paid on capital debt	(528,762)	-
Net cash (used) by capital and related financing activities	(3,080,847)	(479,851)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(172,610)	(39,475)
Interest and dividends	109,594	44,534
Net cash provided (used) by investing activities	(63,016)	5,059
Net increase (decrease) in cash and cash equivalents	121,556	(304,203)
Balances - beginning of year	385,376	1,099,341
Balances - end of year	\$ 506,932	\$ 795,138
Reconciliation of operating income (loss) to net cash provided (used) by operating activities		
Operating income (loss)	\$ 3,036,657	\$ (98,148)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	255,511	263,468
Change in assets and liabilities:		
Receivables, net	97,110	-
Accounts and other payables	(173,859)	(3,734)
Accrued expenses	-	9,003
Net cash provided (used) by operating activities	\$ 3,215,419	\$ 170,589

The notes to the financial statements are an integral part of this statement.

CITY OF OAK PARK, MICHIGAN
STATEMENT OF NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2006

	Employee Retirement Plan	Agency Funds
ASSETS		
Cash and cash equivalents	\$ 2,103,791	\$ 173,281
Receivables:		
Accounts receivable	-	821
Interest and dividends	345,832	-
Prepaid expenses	30,059	-
Total receivables	375,891	821
Investments, at cost:		
U.S. government obligations	-	45,781
Investments, at fair value:		
U.S. government obligations	3,969,547	-
Mortgage backed securities	4,088,001	-
Corporate bonds	14,404,120	-
Corporate stocks	33,661,660	-
Total investments	56,123,328	45,781
Total assets	58,603,010	\$ 219,883
LIABILITIES		
Accounts payable	5,609	219,883
Refunds payable and others	465,607	-
Total liabilities	471,216	\$ 219,883
NET ASSETS		
Held in trust for pension benefits and other purposes	\$ 58,131,794	

The notes to the financial statements are an integral part of this statement.

**CITY OF OAK PARK, MICHIGAN
STATEMENT OF CHANGES IN NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2006**

	Employee Retirement Plan
ADDITIONS	
Contributions:	
Employer	\$ 3,724,277
Plan members	370,674
	<hr/>
Total contributions	4,094,951
	<hr/>
Investment earnings	
Net increase	
in fair value of investments	1,197,510
Interest	1,337,227
Dividends	735,694
	<hr/>
Total investment earnings	3,270,431
Less investment expense	(175,894)
	<hr/>
Net investment earnings	3,094,537
	<hr/>
Total additions	7,189,488
 DEDUCTIONS	
Benefits	5,518,755
Health insurance	1,049,794
Refunds, rebates, and miscellaneous	13,636
	<hr/>
Total deductions	6,582,185
	<hr/>
Change in net assets	607,303
Net assets - beginning of year	57,524,491
	<hr/>
Net assets - end of year	\$ 58,131,794
	<hr/> <hr/>

The notes to the financial statements are an integral part of this statement.

CITY OF OAK PARK

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of *Oak Park*, Michigan was incorporated October 30, 1945. The City operates as a Mayor/Council-Manager form of government and provides the following services as authorized by the charter: public safety (police and fire), building ordinance enforcement, highways and streets, sanitation, parks and recreation, public improvement, planning and zoning, library service, water, sewer and refuse removal.

The accounting policies of the *City of Oak Park* conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

REPORTING ENTITY

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the City and its component units. The component units discussed below are included in the City's reporting entity because they are entities for which the City is considered to be financially accountable.

Blended Component Units

The City of Oak Park Municipal Building Authority is a municipal, non-profit, non-stock corporation organized under the laws of the State of Michigan for the purpose of acquiring and owning facilities for the use of the *City of Oak Park*. The Building Authority is governed by a Board that is appointed by the City Council. The City also has accountability for fiscal matters of the Authority. Statement on Michigan Governmental Accounting and Auditing Number 5 requires that the Authority be reported as a blended component unit. Complete financial statements of the Municipal Building Authority can be obtained from the *City of Oak Park, Michigan*.

The City of Oak Park Library Authority was established on July 1, 2004 under Act 164 of Michigan Public Acts of 1877. The Library Authority levies a property tax of .9927 mills (.9927 dollar of tax for every \$1,000 of taxable value of real and personal property). The Library Authority is governed by a Board that is appointed by the City Council. The City also has accountability for fiscal matters of the Authority. Statement on Michigan Governmental Accounting and Auditing Number 5 requires that the Authority be reported as a blended component unit. Complete financial statements of the Library Authority can be obtained from the *City of Oak Park, Michigan*.

Discrete Component Units

The City of Oak Park Economic Development Corporation is a municipal, non-profit, non-stock corporation organized under the laws of the State of Michigan for the purpose of promoting development in the City. The Economic Development Corporation is governed

CITY OF OAK PARK

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

by a Board that is appointed by the City Council. The City has the ability to significantly influence the daily operations of the Corporation. Statement on Michigan Governmental Accounting and Auditing Number 5 requires that the Special Revenue Fund, in which all the Corporation's activity is recorded, be included in the financial statements as a discrete component unit. Complete financial statements of the Corporation can be obtained from the *City of Oak Park, Michigan*.

The City of Oak Park Brownfield Redevelopment Authority was established to promote the redevelopment of, and private investment in, environmentally distressed properties within the City. The Brownfield Redevelopment Authority is governed by a Board that is appointed by the City Council. The City also has accountability for fiscal matters of the Authority. Statement on Michigan Governmental Accounting and Auditing Number 5 requires that the Authority be reported as a discrete component unit. Complete financial statements of the Brownfield Authority can be obtained from the *City of Oak Park, Michigan*.

BASIS OF PRESENTATION - GOVERNMENT-WIDE FINANCIAL STATEMENTS

The statement of net assets and the statement of activities are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from non-exchange transactions are recognized in accordance with the Governmental Accounting Standards Board Statement 33.

The statement of net assets and the statement of activities display information about the City as a whole. The statements include all funds of the primary government and its component unit, except for its fiduciary funds. Those funds are reported in the statements of fiduciary net assets and changes in fiduciary net assets.

The statement of net assets and the statement of activities are presented to distinguish between governmental and business type activities of the City. Governmental activities are financed through taxes, intergovernmental revenues and other non-exchange revenues. These activities are reported in governmental and internal service funds. Business type activities are financed by fees charged to external parties for goods or services. These activities are reported in the City's enterprise funds.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods,

CITY OF OAK PARK

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's water and sewer fund and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions.

Capital assets are reported in the government wide statements at historical cost. Capital assets include land, improvements to land, buildings, building improvements, vehicles, machinery, equipment, library collection, infrastructure and all other tangible or intangible assets that are used in operations and have initial useful lives beyond a single reporting period and an individual cost of more than \$5,000. Infrastructure assets are long-lived capital assets that normally can be preserved for a significantly greater number of years than most capital assets.

Capital assets that are being depreciated are reported net of accumulated depreciation in the statement of net assets. Capital assets that are not being depreciated, such as land, are reported separately.

Capital assets are depreciated over their estimated useful lives. Depreciation expense is reported in the statement of activities by allocating the net cost over the estimated useful life of the asset. Assets are depreciated on an individual basis for equipment and buildings. Roads are depreciated as a class with each class containing items based on their date of construction or reconstruction. Sidewalks are depreciated by class with each class containing items based on the year of construction.

BASIS OF PRESENTATION - FUND ACCOUNTING

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into generic fund types and broad fund categories as follows:

CITY OF OAK PARK

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUNDS

The City reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Major Street Fund - The Major Street Fund is a special revenue fund used to account for the repair, maintenance and construction of the City's major streets as identified by the State of Michigan Department of Transportation.

Solid Waste Fund - The Solid Waste Fund is used to account for the collection and disposal of the City's solid waste.

Road Construction Fund - The Road Construction Fund is used to account for the construction of streets funded by the 2003 & 2006 Street Improvement General Obligation Bonds.

In addition the City reports on the following fund types:

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

Debt Service Funds - Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Capital Projects Funds - Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds and Trust funds).

PROPRIETARY FUNDS

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water & Sewer Fund and the City's Internal Service Funds are charges to customers for sales and services. Operating expenses for the Enterprise Fund and Internal Service Funds include the cost of sales and service, administrative expenses, and depreciation on capital assets. All revenues and expenses not

CITY OF OAK PARK

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

PROPRIETARY FUNDS (Continued)

meeting this definition are reported as non-operating revenues and expenses.

The City reports the following major proprietary fund:

Water and Sewer Fund - The Water and Sewer Fund is an Enterprise Fund. The City operates one Enterprise Fund, which accounts for the operation of the Water and Sewer Systems. The fund is financed and operated in a manner similar to a private enterprise. The intent is that costs (expenses, including depreciation) of providing water and sewer services to the general public are recovered through user charges.

Additionally, the City reports the following fund type:

Internal Service Funds - Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governments, on a cost-reimbursement basis. The City reports on five internal service funds 1) The Risk Management Fund is used to accumulate resources from other funds, which utilize labor, and to pay workers compensation premiums to the Michigan Municipal League's Workers Compensation Pool. It is also used for the City's property and liability insurance. 2) The Central Services Fund is used to account for Printing, Duplicating, and Mail services performed for the City's departments. 3) The Motor Pool Fund is used for the purchase and maintenance of the City's fleet. Its revenues come from rental charges for equipment to other funds. 4) The Retiree's Health Care Fund - Court is used for the accumulation of assets to fund retiree's health care for District court employees and 5) The Retiree's Health Care Fund - General is used for the accumulation of assets to fund retiree's health care for city employees.

FIDUCIARY FUNDS

Trust and Agency Funds - Trust Funds are used to account for assets held by the City in a trustee capacity for individuals, private organizations, other governments, and/or other funds. The City has a Pension Trust Fund, which accounts for assets, liabilities, revenues and expenses in essentially the same manner as Proprietary Funds since capital maintenance is critical.

Agency Funds are used to account for assets held by the City as an agent for individuals, private organizations, and/or other governments. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City has a Payroll Agency Fund used to account for payment of employee's payroll. It also uses an Escrow Agency Fund used to hold assets belonging to another person or entity such as bond deposits.

CITY OF OAK PARK

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available. Revenues are generally considered available when they are received in cash (unless legally restricted to some future period) or when earned and expected to be collected within 60 days after year end to pay liabilities of the current period. Significant revenues susceptible to accrual include reimbursement grants, state shared revenues and charges for services.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred provided the liability normally would be liquidated with expendable available financial resources. The major exception to this general rule is principal and interest on general long-term debt which is recognized when due.

All governmental funds are accounted for on a spending or "current financial resources" measurement focus. This means that generally only current assets and current liabilities are included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available, spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

All proprietary funds, pension trust funds and agency funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred. Unbilled Water and Sewer Fund utility service receivables are recorded at year-end.

All proprietary funds and the pension trust funds are accounted for on a cost of services or "economic resources" measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their statements of net assets. Proprietary funds and the pension trust funds report fund equity as net assets. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

CITY OF OAK PARK

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BUDGETARY DATA

Budgets are adopted on the modified accrual basis consistent with generally accepted accounting principles except that transfers are reported as revenue and expenditures. Annual appropriated budgets are adopted for the General, Special Revenue, and Capital Project Funds and the following Debt Service Funds - 2003 Street Improvement Fund, 2006 Street Improvement Fund and the 2003 Refunding Bond Fund. Annual budgets lapse at year-end. A budget is not adopted for the Municipal Building Authority Debt Service Fund.

The level of budgetary control (the level at which expenditures may not legally exceed appropriations) is at the department (activity) level for the General Fund and the activity level for Special Revenue and Debt Service Funds.

The governing body must approve budget amendments at the activity level and supplemental appropriations, which affect total fund expenditures. Department Directors or the City Manager can transfer appropriations between line items within a department or activity without governing body approval. Supplemental appropriations were necessary during the year, which increased total expenditures.

ENCUMBRANCES

Encumbrance accounting, under which purchase orders, contracts and other firm commitments are used for the expenditure of monies, is utilized as an extension of formal budgetary control in the governmental funds. Encumbered amounts lapse at year-end, however, material encumbrances generally are reappropriated as part of the following year's budget. These material encumbrances outstanding at year-end, if any, are reported as reservations of fund balance since they do not constitute expenditures or liabilities.

DEPOSITS AND INVESTMENTS

The City of Oak Park's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. All investments are recorded at fair value.

INTERFUND RECEIVABLES/PAYABLES

In addition to transactions related to pooled cash, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are included in the "Due from Other Funds" or "Due to Other Funds" accounts on the balance sheet.

CITY OF OAK PARK

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The City reported the following receivables as of June 30, 2006:

	<u>Taxes</u>	<u>Accounts</u>	<u>Special Assessments</u>	<u>Accrued Interest</u>	<u>Due From Other Governments</u>	<u>Due From Other Funds</u>	<u>Total Receivables</u>
Governmental Activities:							
General	\$ 405,692	\$ 346,605	\$ 1,478	\$ 9,620	\$ 796,390	\$ 92,440	\$ 1,652,225
Special Revenue	49,400	326,528	-	12,937	369,879	-	758,744
Debt Service	82,743	-	-	-	-	-	82,743
Capital Projects	-	116,873	11,606	71,182	-	-	199,661
Internal Service	-	-	-	6,667	-	-	6,667
Total -							
Governmental Activities	<u>\$ 537,835</u>	<u>\$ 790,006</u>	<u>\$ 13,084</u>	<u>\$ 100,406</u>	<u>\$ 1,166,269</u>	<u>\$ 92,440</u>	<u>\$ 2,700,040</u>
Business-Type Activities							
Water and Sewer	<u>\$ -</u>	<u>\$ 3,701,127</u>	<u>\$ 40,401</u>	<u>\$ 4,251</u>	<u>\$ 21,164</u>	<u>\$ -</u>	<u>\$ 3,766,943</u>

Special Assessments are the only receivables not expected to be collected within one year.

The City reported the following payables as of June 30, 2006:

		<u>Accrued</u>	<u>Due To Other</u>	
	<u>Accounts</u>	<u>Wages</u>	<u>Funds</u>	<u>Total</u>
Governmental Activities				
General	\$ 326,085	\$ 227,377	\$ -	\$ 532,462
Special Revenue	296,273	43,449	92,440	432,162
Debt Service	10,734	-	-	10,734
Capital Projects	819,422	681	-	820,103
Internal Service	36,624	102,544	-	139,168
Total -				
Governmental Activities	<u>\$1,489,138</u>	<u>\$ 374,051</u>	<u>\$ 92,440</u>	<u>\$ 1,955,629</u>
Business-Type Activities				
Water and Sewer	<u>\$ 661,116</u>	<u>\$ 179,455</u>	<u>\$ -</u>	<u>\$840,571</u>

CITY OF OAK PARK

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

PREPAID ITEMS

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

CAPITAL ASSETS

Capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their fair market value on the date donated.

Depreciation of all exhaustible capital assets used by proprietary fund types is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund type statements of net assets. Depreciation has been provided over the estimated useful lives using the straight-line method.

The estimated useful lives are as follows:

Water and sewer system	20 to 100 years
Roads	25 years
Sidewalks	20 years
Vehicles	3 to 10 years
Machinery and equipment	3 to 30 years
Buildings and improvements	10 to 50 years
Library Books	5 years

UNEARNED REVENUES

Unearned revenues are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met. The City has reported as deferred revenues \$773,854 related to the personal property taxes, assessments receivable, and cellular antennae franchise fees and certain accounts receivable within the General Fund; \$92,073 for assessments receivable in the Major Street Fund, \$57,584 related to solid waste taxes and federal grants received but not expended in the Special Revenue Funds; and \$80,997 for taxes receivable within the Debt Service Funds.

LONG-TERM OBLIGATIONS

Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the Debt Service Fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a

CITY OF OAK PARK

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

LONG-TERM OBLIGATIONS (Continued)

governmental fund. The remaining portion of such obligations is reported in the Statement of Net Assets. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds. For proprietary fund types, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount and net of any deferred charges on bond refundings. Issuance costs are reported as deferred charges.

FUND EQUITY

Reserves represent those portions of fund equity not appropriate for expenditure or legally segregated for a specific future use. Designations represent equity designated by the City for specific future uses.

PENSION PLANS

The provision for pension cost is recorded on an accrual basis, and the City's policy is to fund pension costs as they accrue.

PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of December 31 each year. City taxes are levied and immediately due on the following July 1, are collected without penalty through September 15, and with penalty thereafter. City property tax revenues are recognized as revenues in the fiscal year levied to the extent that they are measurable and available, and collected within sixty days after year-end. The City bills and collects its own property taxes as well as taxes for the County, three school districts and a community college within its jurisdiction. Collections and remittances of the County and school taxes are accounted for in the Current Tax Agency Fund.

SPECIAL ASSESSMENTS

Special assessments are recorded as revenues when due, not when levied. Estimated annual installments not yet available are reflected as deferred revenue. Special assessments are billed annually on June 1 and are due and payable August 1.

COMPENSATED ABSENCES

Effective July 1, 1993, the City adopted Governmental Accounting Standards Board Statement No. 16, "Accounting for Compensated Absences" including Interpretation No. 6, "Recognition and Measurement of Certain Liabilities and Expenditures in

CITY OF OAK PARK

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

COMPENSATED ABSENCES (Continued)

Governmental Fund Financial Statements.” Sick pay and vacation hours earned are recognized in the governmental financial statements when they are paid.

The long-term portion of compensated absences related to the governmental funds is a liability recorded in the Statement of Net Assets. This liability is composed of: 1) employees who vest in the retirement system and are paid for fifty percent of unused sick days upon termination of employment and 2) Unused vacation paid upon termination of employment.

GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT NO. 20

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitation. The City has elected not to follow subsequent private-sector guidance.

2. EXPENDITURES OVER BUDGET

Compliance with Amended Budget and Michigan Public Act (P.A.) 2 of 1968 and Other Budgeting Matters:

P.A. 2 of 1968 as amended provides that a local unit shall not incur expenditures in excess of the amount appropriated in budget resolutions of the governing body.

In the body of the financial statements, the City's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis, with the approved budgets of the City of those budgetary funds being adopted at the activity or department level. A comparison of the original budget adopted by City Council and budget amendments can be examined at City Hall, 13600 Oak Park Blvd., Oak Park, Michigan.

During the year ended June 30, 2006, the City incurred expenditures in certain budgetary funds, which were in excess of amounts appropriated, as follows:

	<u>Budget</u>	<u>Actual</u>	<u>Actual Over Budget</u>
General Fund			
Public Information	\$ 372,505	\$ 394,232	(\$21,727)
Technical and Planning Services	\$2,184,512	\$ 2,201,515	(\$17,003)

CITY OF OAK PARK

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2006

2. EXPENDITURES OVER BUDGET (Continued)

General Fund (Continued)

Public Safety	\$9,540,636	\$ 9,959,034	(\$418,398)
Public Works	\$ 881,870	\$ 1,020,800	(\$138,930)
Library	\$ 852,650	\$ 854,897	(\$2,247)
Local Street Fund	\$ 622,592	\$ 636,570	(\$13,978)
Criminal Justice Training Fund	\$ 14,509	\$ 20,939	(\$6,430)
Community Development Block Fund	\$ 113,864	\$ 172,218	(\$58,354)
District Court 45B Fund	\$2,005,650	\$ 2,034,224	(\$28,574)
Sidewalk Program Fund	\$ 20,000	\$ 21,769	(\$1,769)
Road Construction Fund	\$2,910,434	\$ 3,750,142	(\$839,708)

The City's appropriation resolution is generally passed during the May preceding the fiscal year in which the planned expenditures relate. Subsequent amendments are made to avoid unfavorable variances from the original budget. Related resolutions are made to state the purpose and amount of the changes. The City Manager has the responsibility to enforce the budget. Unused appropriations do not carry forward to the next fiscal year.

3. BUILDING PERMITS AND RELATED COSTS

The City has the following revenues and costs related to building permits:

	<u>Prior Years</u>	<u>FY 2005 – 2006</u>	<u>Total</u>
Building permit revenue	\$861,479	\$ 149,537	\$ 1,011,016
Less: Expenditures	<u>(1,411,885)</u>	<u>(332,401)</u>	<u>(1,744,286)</u>
Shortfall at June 30	<u>(\$550,406)</u>	<u>(\$ 182,864)</u>	<u>(\$ 733,270)</u>

4. DEPOSITS AND INVESTMENTS

Cash and cash equivalents per:

Statement of Net Assets	\$12,491,666
Statement of Fiduciary Net Assets	2,277,072

Investments per:

Statement of Net Assets	8,461,542
Statement of Fiduciary Net Assets	56,169,109

Restricted cash and cash equivalents per

Statement of Net Assets	<u>243,141</u>
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Total Deposits and Investments	<u>\$79,642,530</u>
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CITY OF OAK PARK

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2006

4. DEPOSITS AND INVESTMENTS (Continued)

Restricted Cash:

The amount of \$243,141 in restricted cash represents bonds posted by individuals who have pending court cases in the 45B District Court Fund. These bonds must be returned to the individuals and therefore are restricted.

Deposits:

To the extent that cash from various funds have been pooled, related investment income is allocated to each fund based on relative participation in the pool, except that Agency Funds investment earnings are allocated to the General Fund.

Investments:

Statutory Authority

State statutes authorize the City of Oak Park to invest in:

- a. Bond, securities, other obligations and repurchase agreements of the United States, or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts or depository receipts of a qualified financial institution.
- c. Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.
- d. Bankers acceptances of United States banks.
- e. Obligations of the State of Michigan and its political subdivisions that, at the time of purchase are rated as investment grade by at least one standard rating service.
- f. Mutual funds registered under the Investment Company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.
- g. External investment pools as authorized by Public Act 20 as amended through 12/31/97.

The City of Oak Park investment policy allows for all of these types of investments.

CITY OF OAK PARK

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2006

4. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

As of June 30, 2006 the City of Oak Park had the following investments in its internal investment pool:

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>	<u>Percent of Portfolio</u>
Certificates of Deposit:			
Lasalle Bank	July, 2006	\$ 1,500,000	7.82 %
Fifth Third Bank	July, 2006-June, 2007	3,545,797	18.50
Bank of Bloomfield Hills	July, 2006-May, 2007	2,482,099	12.95
Commercial Paper:			
General Electric	August, 2006	900,021	4.69
Textron Corporation	August, 2006	1,006,023	5.25
Rhineland Funding	Aug. – Oct., 2006	1,986,497	10.36
Daimler Chrysler	July – Sept., 2006	3,726,599	19.43
U. S. Agencies			
Federal National Mortgage Assoc.	Jan. - May, 2007	2,004,548	10.46
Federal Home Loan Bank	July– Oct., 2006	1,503,978	7.85
Federal Home Loan Mortgage Corp.	December, 2006	<u>514,907</u>	<u>2.69</u>
Total		<u>\$ 19,170,469</u>	100 %

As a means of limiting its exposure to fair value losses arising from rising interest rates, the city's investment policy limits at least sixty percent of the city's investment portfolio to maturities of less than three years. The city's investment policy also prohibits investments with a maturity of greater than five years.

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations (NRSROs). The city's investment policy has the same limits. As of June 30, 2006 the city's investment in G.E., Textron and Daimler Chrysler commercial paper were rated A2 by Standard & Poor's and P2 by Moody's Investors Services. As of June 30, 2006 the city's investment in Rhineland Funding commercial paper was rated F1 by Fitch Ratings and P1 by Moody's Investors Services.

Custodial credit risk is the risk that in the event of a bank failure, the city's deposits may not be returned. State law does not require and the city does not have a policy for deposit custodial credit risk. As of year end \$7,227,896 of the city's certificates of deposit of \$7,527,896 was exposed to custodial credit risk because it was uninsured and uncollateralized.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the city will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law does not require a policy for investment custodial risk. The city's investment policy requires all securities (except

CITY OF OAK PARK

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2006

4. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

certificate of deposit) purchased by the city shall be properly designated as an asset of the city and held in safekeeping by a third party custodial bank or other third party custodial institution, chartered by the United States government or the State of Michigan, and no withdrawals of such securities shall be made from safekeeping except by the city.

State law limits allowable investments but does not limit concentration of credit risk. The city's investment policy limits the amount that can be invested in a single security type to 50 percent (excluding U.S. securities) and limits the amount invested in a single financial institute to 25 percent. The level of concentration of each investment is in the above table.

State statutes govern the City's investment policies. General City funds must be deposited in government insured bank accounts in banks, savings and loans, and credit unions, provided the latter two meet State Filing requirements and its lending practices are not discriminatory. Pension trust fund investments must conform to the limits and standards set forth in Michigan Public Act 55 of the Public Acts of 1982, as amended, and Public Act 252 of 1988.

The term of investments and financial institutions used for investment purposes are determined based on City needs. The City Treasurer periodically assesses the financial strength and services provided by financial institutions to help ensure that integrity of principal and City investment needs are met.

The City's investments in the Employees Retirement Plan at June 30, 2006 are summarized as follows:

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>	<u>Credit Risk Rating</u>
U.S. Government Obligations:			
GNMA Pools	10/15/2008 – 6/30/2011	\$ 1,565	Aaa
	1/15/2013 – 2/15/2014	2,797	Aaa
Federal Home Loan Bank	4/5/2007 – 6/30/2011	2,475,495	Aaa
	2/27/2014	965,470	Aaa
Federal Farm Credits	11/22/2010	524,220	Aaa
Mortgage Backed Securities	12/23/2008 – 6/30/2011	1,097,429	Aaa
	7/1/2011 – 6/30/2016	2,153,383	Aaa
	7/1/2017 – 5/1/2033	837,189	Aaa
Corporate Bonds	7/1/2006 – 6/30/2011	6,598,102	A1–Baa1
	7/1/2011 – 6/30/2016	2,952,263	A1–A3
	7/1/2016 – 6/30/2021	987,220	A1–Aa3
	7/1/2021 – 6/30/2026	597,642	Baa2

CITY OF OAK PARK

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2006

4. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Corporate Bonds (continued)	7/1/2026 – 5/1/2028	1,050,163	A1-BB+
Common Stock		33,661,660	
Preferred Stocks		<u>2,218,730</u>	
Total		<u>\$ 56,123,328</u>	

Credit Ratings are provided by Moody's Investor Service.

Pension trust investments are subject to a number of restrictions as to the type, quality, and concentration of investments made, including the limiting of equity investments.

Included in the City's investments at June 30, 2006 are the following:

- a) Approximately \$4,362 of securities issued by the Government National Mortgage Association (GNMA), \$1,819,910 issued by the Federal National Mortgage Association (FNMA) and \$1,004,375 of Federal farm Credits. These investments are backed by the full faith and credit of the U.S. government. The yields provided by these mortgage-related securities historically have exceeded yields on other types of U.S. government securities with comparable maturities, in large measure due to the potential for prepayment. Prepayment could result in difficulty in reinvesting the prepaid amounts in investments with comparable yields.
- b) Approximately \$4,634,039 of collateralized mortgage obligations (or obligations of the Federal National Mortgage Association or Government National Mortgage Association). These investments are usually not backed by the full faith and credit of the U. S. government. Credit ratings are supplied above. The yields provided by these mortgage-related securities historically have exceeded yields on other types of U. S. government securities with comparable maturities, in large measure due to the potential for prepayment. Prepayment could result in difficulty in reinvesting the prepaid amounts in investments with comparable yields.
- c) Variable rate instruments (floaters) of approximately \$594,863. These securities are based on cash flows from interest and principal payments in underlying securities. These variable rate debt instruments are tied to prevailing short-term interest rates and are relatively insensitive to interest rate changes. There is no prepayment risk associated with these instruments.

The mutual funds are registered with the SEC. The Michigan Banking Act regulates the bank investment pools. The fair value of the position in the bank investment pools is the same as the value of the pool shares. The bank investment pools and mutual funds are not categorized because they are not evidenced by securities that exist in physical or book entry form. Management believes that the investments in these funds comply with the investment authority noted above.

CITY OF OAK PARK

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2006

5. PROPERTY TAXES

Property taxes are levied based on taxable values of property located in the City. Taxable values are established annually. The taxable property values for the 2005 tax levy are as follows:

	<u>Taxable Value</u>
Real property	\$618,684,777
Personal property	<u>46,571,380</u>
Total	<u>\$665,256,157</u>

The City is permitted by City Charter to levy up to a maximum of \$20.00 (20 mills) per \$1,000 of Taxable Value for operations that is reduced by the Headlee Act and the Truth in Taxation Act. Additionally, state law allows the City to levy taxes for solid waste collection and disposal. It is also permitted to levy unlimited amounts for repayment of existing general long-term debt obligations. As of July 1, 2005, 16.3777 mills were levied for general governmental services, 2.4564 mills were levied for solid waste and 3.8933 mills were levied for long-term debt retirement.

6. CAPITAL ASSETS

The City adopted a Capitalization Policy that identified Capital Assets as those items having a value of \$5,000 or more as of June 30, 2000. In conjunction with this policy an appraisal of all Capital Assets as of June 30, 2000 was conducted by an independent appraisal firm. In the appraisal process costing techniques used were in compliance with Generally Accepted Accounting Principals (GAAP). Original cost and acquisition date was used for property inventoried when invoices and accurate records were available. Standard costing and normal costing techniques were used when original records were not available. Infrastructure assets included all items regardless of their acquisition date or amount.

In standard costing, inventoried property units/groups not reconciled to a historical record received an estimated cost, where possible, based on a standard cost - a known average installed cost for a like unit at the estimated acquisition date. The unit's age is estimated based on observed condition, manufacturer's name, model, serial number, age of the facility, and other factors.

In normal costing, where the preceding technique cannot be employed to apply historical cost, cost is estimated based on a present cost reproduction new indexed by a reciprocal factor of the price increase from the estimated date acquired to the appraisal date.

General Capital Assets are reported as of June 30, 2006 based on this appraisal report. Deletion amounts reported as of June 30, 2006 are based on this appraisal report. Additions are based on actual activity during the fiscal year.

CITY OF OAK PARK

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2006

6. CAPITAL ASSETS (Continued)

	Balance	<u>Primary Government</u>		Balance
	<u>July 1, 2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2006</u>
Governmental Activities:				
<u>Nondepreciable Assets</u>				
Land	\$1,579,345	0	(76,200)	\$1,503,145
Rights-of-way	600,818	0	0	600,818
Work in progress	3,248,060	1,312,611	(13,346)	4,547,325
<u>Depreciable Assets</u>				
Infrastructure – roads	85,782,475	1,695,924	(468,280)	87,010,119
Infrastructure – sidewalks	4,265,300	0	(105,000)	4,160,300
Buildings	3,305,097	0	0	3,305,097
Improvements – other	2,333,928	7,708	0	2,341,636
Library collection	200,108	62,819	0	262,927
Vehicles and equipment	2,974,321	505,449	(115,739)	3,364,031
Miscellaneous equipment	<u>1,450,283</u>	<u>6,777</u>	<u>0</u>	<u>1,457,060</u>
Subtotal - Depreciable Assets	<u>100,311,512</u>	<u>2,278,677</u>	<u>(689,019)</u>	<u>101,901,170</u>
Total at historical cost	<u>105,739,735</u>	<u>3,591,288</u>	<u>(778,565)</u>	<u>108,552,458</u>
Less accumulated depreciation for:				
Infrastructure – roads	(70,432,438)	(1,161,335)	468,280	(71,125,493)
Infrastructure - sidewalks	(2,018,284)	(208,015)	105,000	(2,121,299)
Buildings	(2,632,273)	(43,694)	0	(2,675,967)
Improvements – other	(597,152)	(79,188)	0	(676,340)
Library collection	(102,136)	(40,401)	0	(142,537)
Vehicles and equipment	(1,872,639)	(261,811)	109,610	(2,024,840)
Equipment - general	<u>(1,222,298)</u>	<u>(60,462)</u>	<u>0</u>	<u>(1,282,760)</u>
Total accumulated depreciation	<u>(78,877,220)</u>	<u>(1,854,906)</u>	<u>682,890</u>	<u>(80,049,236)</u>
Subtotal - Depreciable Assets	<u>21,434,292</u>	423,771	(6,129)	<u>21,851,934</u>
Governmental activities capital assets, net	<u>\$26,862,515</u>	<u>\$ 1,736,382</u>	<u>\$ (95,675)</u>	<u>\$28,503,222</u>

CITY OF OAK PARK

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2006

6. CAPITAL ASSETS (Continued)

Business-type Activities:

	<u>Primary Government</u>		
	<u>Balance</u>		<u>Balance</u>
<u>Nondepreciable Assets</u>	<u>June 30, 2005</u>	<u>Additions</u>	<u>June 30, 2006</u>
Land	\$ 11,502	\$ 0	\$ 11,502
Work in Progress	15,592,268	2,074,012	17,016,500
<u>Depreciable Assets</u>		<u>Deletions</u>	
Buildings	233,624	0	233,624
Garage	24,564	0	24,564
Equipment – other	32,737	0	32,737
Vehicles and Equipment	1,006,735	62,450	1,069,185
Water System	9,492,965	308,462	9,801,427
Water – Hydrants	560,836	0	560,836
Water – Tanks	166,833	0	166,833
Water – Pump Station	1,054,921	0	1,054,921
Water – Master Meter	27,514	0	27,514
Water – Reservoir	500,706	352,013	852,719
Water – Reservoir Pump	413,457	0	413,457
Sewer System	<u>1,392,846</u>	<u>0</u>	<u>1,392,846</u>
Subtotal - Depreciable Assets	<u>14,907,738</u>	<u>722,925</u>	<u>15,630,663</u>
Total at historical cost	30,511,508	2,796,937	32,658,665
Less accumulated depreciation for:			
Buildings	(197,163)	(3,677)	(200,840)
Garage	(24,563)	(0)	(24,563)
Equipment – other	(25,529)	(1,374)	(26,903)
Vehicles and Equipment	(853,962)	(43,468)	(897,430)
Water System	(3,048,252)	(117,708)	(3,165,960)
Water – Hydrants	(360,387)	(8,445)	(368,832)
Water – Tanks	(144,363)	(5,690)	(150,053)
Water – Pump Station	(713,972)	(30,469)	(744,441)
Water – Master Meter	(18,228)	(345)	(18,573)
Water – Reservoir	(420,276)	(14,949)	(435,225)
Water – Reservoir Pump	(198,028)	(9,316)	(207,344)
Sewer System	<u>(138,080)</u>	<u>(20,068)</u>	<u>(158,148)</u>
Total accumulated depreciation	<u>(6,142,803)</u>	<u>(255,509)</u>	<u>(6,398,312)</u>
Subtotal - Depreciable Assets	<u>8,764,935</u>	<u>467,416</u>	<u>9,232,351</u>
Business-type activities capital assets, net	<u>\$24,368,705</u>	<u>\$ 2,541,428</u>	<u>(\$649,780)</u>
			<u>\$ 26,260,353</u>

CITY OF OAK PARK

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2006

6. CAPITAL ASSETS (Continued)

Depreciation expense was charged to governmental functions as follows:

General Government	\$	35,935
Judicial		355
Public Safety		24,719
Road Maintenance & Repair		1,369,351
Public Works		58,259
Culture and Recreation		58,670
Library		<u>44,149</u>
Sub-Total: Governmental Activities		1,591,438
In addition, depreciation on capital assets held by the City's internal service fund is charged to the various functions based on their usage of the assets		<u>263,468</u>
Total depreciation expense	\$	<u><u>1,854,906</u></u>

7. SUMMARY OF PROPRIETARY TYPE FUNDS CAPITAL ASSETS

Proprietary type funds capital assets at June 30, 2006 are summarized as follows:

	<u>Enterprise</u>	<u>Internal Service</u>
Land	\$ 11,502	\$ -
Buildings	258,188	-
Vehicles	1,069,185	3,364,031
Equipment	32,737	11,596
Water transmission and distribution mains	9,801,427	-
Fire hydrants	560,836	-
Water Tank	166,833	-
Water Pumping Station	1,054,921	
Water Master Meter	27,514	
Water Reservoir	852,719	
Water Reservoir Pumping Station	413,457	
Sewer System	1,392,846	
Work in Progress	<u>17,016,500</u>	<u>-</u>
Total Undepreciated cost	32,658,665	3,375,627
Less: accumulated depreciation	<u>(6,398,312)</u>	<u>(2,033,123)</u>
Total proprietary fund types property and equipment, net of accumulated depreciation	<u><u>\$26,260,353</u></u>	<u><u>\$1,342,504</u></u>

CITY OF OAK PARK

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2006

8. EXPLANATION OF DIFFERENCES BETWEEN GOVERNMENTAL FUND BALANCE SHEET AND THE STATEMENT OF NET ASSET

"Total fund balances" of the City's governmental funds (\$18,783,837) on the Governmental Funds Balance Sheet differs from "net assets" of governmental activities (\$18,575,248) reported in the statement of net assets. The difference primarily results from the long-term economic focus of the statement of net assets versus the current resources focus of the governmental fund balance sheets. The following is a description of each difference found on the reconciliation of government funds balance sheet and statement of net assets:

1. When capital assets (land, buildings, equipment) that are to be used in governmental activities are purchased or constructed, the cost of those assets are reported as expenditures in governmental funds. However the statement of net assets includes those assets among the assets of the City as a whole.

Cost of capital assets	\$105,176,831
Accumulated depreciation	<u>(78,016,113)</u>
	<u>\$ 27,160,718</u>

2. Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net assets. The balance of bonds payable as of June 30, 2006 is \$29,055,000 and is recognized as a liability on the statement of net assets but not on the governmental funds balance sheet.

3. Unexpended debt funds (less work in progress) borrowed to purchase net assets are not included in "invested in capital assets net of debt". Reserved fund balance for capital assets is reduced by \$6,452,675 (\$11,000,000 borrowed minus \$4,547,325 work in progress).

4. The City provides employees with sick, vacation, and personal leave, which can be accumulated and redeemed for compensation at retirement. This leave is referred to as accumulated compensated absences. Leave not used at the end of the fiscal year is not payable from current resources and is not recognized on the governmental funds balance sheet. The amount of \$1,940,788 is recognized as a long-term liability on the statement of net assets. The amount payable by fund is as follows:

General Fund	\$ 1,759,103
Major Streets	10,693
Local Streets	5,679
District Court	<u>165,313</u>
	<u>\$ 1,940,788</u>

5. Some revenues will not be collected for several months after the City's fiscal year ends and are not considered "available" revenues in governmental funds. These revenues are presented as "deferred revenues" with a corresponding accounts receivable on the

CITY OF OAK PARK

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2006

8. EXPLANATION OF DIFFERENCES BETWEEN GOVERNMENTAL FUND BALANCE SHEET AND THE STATEMENT OF NET ASSET (Continued)

governmental funds balance sheet. These revenues are recognized as revenues in the period which they were earned, with a corresponding estimate of uncollectible amounts, on the statement of net assets. These amounts are as follows:

	<u>Total</u>	<u>Estimated Allowance for Uncollectible Accounts</u>		<u>Revenue</u>
		<u>Percent</u>	<u>Amount</u>	
Delinquent personal property tax	\$ 529,294	22.24	\$117,715	\$ 411,579
Emergency Service Billings	232,223	22.09	51,304	180,919
Special Assessments	<u>92,073</u>	0	<u>0</u>	<u>92,073</u>
Total	<u>\$ 853,590</u>		<u>\$ 169,019</u>	<u>\$ 684,571</u>

The City levies a tax on personal property of commercial and industrial businesses. Taxes that remain unpaid at the end of the tax year are collected by Oakland County under a contractual agreement with the City. The uncollectible amount is estimated using past experience of canceled accounts.

Emergency Service Billings represent amounts charged to persons convicted of drunk driving and are charged for time and materials used in their arrests. Uncollectible amounts were estimated using past experience of amounts written off by the City's collection agency.

Special Assessments are levied on properties that have services performed for them by the City, such as weed mowing. These amounts are put on a taxpayer's property tax bill and are paid 100% by the Oakland County as part of the tax settlement.

6. Internal service funds are used by management to charge the costs of certain activities, such as risk management and motor pool, to individual funds. The balance of assets, liabilities, and fund equity at year-end are accounted for on the statement of net assets but not on the governmental balance sheet.

9. EXPLANATION OF DIFFERENCES BETWEEN GOVERNMENTAL FUND OPERATING STATEMENTS AND THE STATEMENT OF ACTIVITIES

The "net change in fund balances" for governmental funds (\$7,447,823 increase) on the Statement of Revenues, Expenditures and Changes in Fund Balance differs from the "change in net assets" for governmental activities (\$296,617 decrease) reported in the Statement of Activities. The differences arise primarily from the long-term economic focus of the statement of activities versus the current financial resources focus of the governmental funds. The following is a description of each difference found on the reconciliation of

CITY OF OAK PARK

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2006

9. EXPLANATION OF DIFFERENCES BETWEEN GOVERNMENTAL FUND OPERATING STATEMENTS AND THE STATEMENT OF ACTIVITIES (continued)

statement of revenues, expenditures and changes in fund balance to the statement of activities:

1. Capital outlays are reported as an expenditure in the statement of revenues, expenditures and changes in fund balance. The costs of these outlays are spread over the estimated useful lives of the assets (depreciation) in the statement of activities. The difference is illustrated below:

Total additions:	\$3,591,288
Less: Internal Service Funds capital purchases	(505,449)
Amount added from Work in Progress	<u>(13,346)</u>
Capital outlays as expenditures in FY 2005-2006	3,072,493
Total depreciation:	\$1,854,906
Less: Internal Service Funds depreciation	<u>(263,468)</u>
	<u>\$ 1,481,055</u>

2. Principal on long-term debt was reduced in FY 2005-2006 by \$1,875,000. The debt was originally issued to purchase capital assets and the outstanding liability is reported as reduction of net assets. Reducing the liability increases net assets.

3. Bonds (\$11,000,000) issued during the year increase fund balance are recorded as long term debt on the Statement of Net Assets.

4. Sale of Capital Assets is recorded as a revenue in the governmental funds as an Other Financing Source. The value of the capital asset is reduced (\$76,200) by the cost and not reflected in the Governmental Funds.

5. Deferred revenue is estimated as explained in footnote 8(5) above. The estimate of revenue earned in FY 2005-2006 by program is as follows:

General Government	\$ (8,614)
Public Safety	28,693
Road Maintenance & Repair	(15,837)
Public Works	(2,760)
Health and Sanitation	(11,442)
Community Development	(5,165)
General Tax Revenue	<u>33,401</u>
	<u>\$ 18,276</u>

CITY OF OAK PARK

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2006

9. EXPLANATION OF DIFFERENCES BETWEEN GOVERNMENTAL FUND OPERATING STATEMENTS AND THE STATEMENT OF ACTIVITIES (continued)

6. The change in the long-term expense for accumulated compensated absences reported in the statement of activities and not the statement of revenues, expenditures and changes in fund balance is as follows:

General Fund	\$20,336
Major Streets	(18,077)
Local Streets	1,802
District Court	<u>28,926</u>
	<u>\$32,987</u>

These expenses were charged to the following programs on the Statement of Activities:

General Government	\$ (7,834)
Judicial	28,926
Public Safety	1,262
Road Maintenance & Repair	(16,276)
Public Works	22,785
Culture and Recreation	479
Library	<u>3,645</u>
	<u>\$ 32,987</u>

7. Internal service funds are used by management to charge the costs of certain activities, such as risk management, motor pool, central services, and retiree's health care to individual funds. The change in net assets of Internal Service Funds in FY 2005-2006 were included in the following programs on the Statement of Activities:

General Government	\$ 1,907
Judicial	105,859
Public Safety	4,616
Road Maintenance & Repair	3,879
Public Works	(24,652)
Health and Sanitation	4,437
Culture and Recreation	(981)
Library	2,079
Community Development	1,004
General Interest, Loss and Contribution	<u>(88,564)</u>
	<u>\$ 9,584</u>

CITY OF OAK PARK

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2006

9. EXPLANATION OF DIFFERENCES BETWEEN GOVERNMENTAL FUND OPERATING STATEMENTS AND THE STATEMENT OF ACTIVITIES (continued)

The City's policy for eliminating the activity in the Risk Management Fund is to spread the income or loss to each activity based on direct expenditures of each activity before internal activity is eliminated.

The City's policy for eliminating the activity in the Motor Pool Fund is to spread the income or loss to each activity based on the number of vehicles used.

The City's policy for eliminating the activity in the Central Services Fund is to spread the income or loss to each activity based on direct expenditures of each activity before internal activity is eliminated.

The City's policy for eliminating the activity in the Retirees Health Care Fund is to spread the income or loss to each activity based on the number of retirees receiving health insurance.

10. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City is a member of the Michigan Municipal League sponsored self-insurance/public entity risk pools. The City pays annual premiums to the respective pools for general liability, property and workers' compensation insurance coverage and carries commercial insurance for other risks of loss. The agreements for the formation of the Michigan Municipal Liability and Property Fund and the Michigan Municipal Workers Compensation Fund provide that the pools will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of limitations imposed by the pool.

General Liability and Property

The City's Risk Management Fund is used to account for and finance the expenditures of the general liability and property plan. The Michigan Municipal Liability and Property Fund provides various levels of coverage, depending on which policy covers the claim. The City has numerous policies but the major policy limits are as follows: public officials and public safety officers claims are covered up to \$10 million per occurrence, vehicle liability claims are covered up to \$1 million per occurrence, and employee dishonesty claims are covered up to \$500,000. For claims that are in excess of policy limitations, reinsurance with commercial companies has been provided.

CITY OF OAK PARK

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2006

10. RISK MANAGEMENT (Continued):

Workers' Compensation

The Risk Management Internal Service Fund is also used to account for and finance the expenditures of the workers' compensation plan. The Risk Management Fund charges other City of Oak Park funds amounts that will provide for future expected and unexpected losses. The Risk Management Fund allocates the cost of providing claim servicing and claim payments by charging a "premium" to each fund, based on a percentage of each fund's estimated current year payroll. The plan has been approved by the State of Michigan under the Michigan Workers' Disability Compensation Act.

Workers compensation claims are covered by the Michigan Municipal Worker's Compensation Self-Insurer's Fund. Under the terms of the agreement, the Fund will pay all claims incurred, up to a maximum of \$500,000 per occurrence. The City's liabilities for claims are recorded in the Risk Management Fund when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an estimated amount for claims that have been incurred but not reported. Because actual claim liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing claim liability does not necessarily result in an exact amount. Claim liabilities are re-evaluated periodically to take into consideration recently settled claims, the frequency of claims and other economic and social factors.

The City's estimated claims payable at June 30, 2006 is \$74,000.

Changes in the fund's claims liability amount are as follows:

Fiscal year ended June 30:	Beginning of year liability	Current year claims	Claim payments and changes in estimates	End of Year Liability
2002	\$ 74,000	\$ 71,722	\$ 71,722	\$ 74,000
2003	74,000	53,103	53,103	74,000
2004	74,000	48,183	48,183	74,000
2005	74,000	62,132	62,132	74,000
2006	74,000	15,350	15,350	74,000

Insurance settlements have not exceeded insurance coverage in any of the past three years.

CITY OF OAK PARK

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2006

10. RISK MANAGEMENT (Continued):

The Michigan Municipal Liability and Property Fund and the Michigan Municipal Workers Compensation Fund have published their own financial reports, which can be obtained by contacting the management of each pool.

Health Insurance

The City provides health care benefits for substantially all of its employees and certain retirees under a commercial insurance policy. The policy utilizes an experience rating system, whereby insurance premium rates are affected by the actual claims reported. A settlement is performed annually covering the policy period, ending in March. If actual and estimated claims are in excess of the premiums paid during the policy period, the excess is recovered through subsequent premium increases, not to exceed thirty percent of the excess claims. If claims are less than premiums paid, then fifty percent of the excess premiums may be used to offset future premiums or refunded at the option of the City.

11. DEFINED BENEFIT PENSION PLAN

Plan Description and Contribution Information

The following brief description of the City of Oak Park Employee's Retirement Plan and Trust (Plan) is provided for general information purposes only. Participants should refer to the Plan agreement for more complete information.

General

The Plan, established by Chapter 15 of the City of Oak Park, Michigan Charter, is a single-employer defined benefit pension plan covering substantially all employees of the City of Oak Park. The City of Oak Park is the administrator of the Plan. Administrative costs of the Plan are financed through investment earnings. The Plan is included as a pension trust fund in the City's primary government financial statements and a stand-alone financial report of the Plan has not been issued.

Membership of the plan consisted of the following at June 30, 2005, the date of the latest actuarial valuation:

	<u>Retirees and Beneficiaries Currently Receiving Benefits</u>	<u>Inactive Employees entitled to Benefits but Not Receiving them</u>
General	134	14
Public Safety	<u>78</u>	<u>9</u>
Total	<u>212</u>	<u>23</u>

CITY OF OAK PARK

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2006

11. DEFINED BENEFIT PENSION PLAN (Continued)

	<u>Active Employees</u>		<u>Total</u>
	<u>Vested</u>	<u>Non-Vested</u>	
General	30	76	106
Public Safety	<u>23</u>	<u>44</u>	<u>67</u>
Total	<u>53</u>	<u>120</u>	<u>173</u>

Eligibility

Employees retiring with ten or more years of service are entitled to annual pension benefits. General employees may retire at age 55, with retirement mandatory at age 70 without the employer's consent to continue. General non-union employees may retire after 25 years of service, regardless of age. Public safety employees may retire at age 50, with retirement mandatory at age 60 without the employer's consent to continue. Public Safety employees may retire after 25 years of service, regardless of age.

Vested employees receive a retirement benefit based on a formula established by a Negotiated Union Contract or City Ordinance. Employees can also receive a benefit based on a disability that occurred on the job (Duty Disability), a disability that occurred outside employment (Non-Duty Disability), or Death (paid to surviving spouse or dependent). Benefits can be amended by City Ordinance (voted on by a majority of City Council) or a negotiated contract with union groups.

Contributions

Employee Contributions

Eligible general employees are not required to contribute to the Plan. Eligible public safety employees are required to contribute 5.55% of their annual compensation to the Plan in fiscal year 2005-2006. Such aggregate contributions amounted to \$370,674 (before refunds) for the year ended June 30, 2006.

Employer Contributions

The City also makes contributions to the Plan, at annual actuarially determined amounts, to provide assets sufficient to meet the benefits to be paid to plan members. The current rate paid by the City is 28.54% of annual covered payroll for General members and 41.79% of annual covered payroll for Public Safety members.

Employer and employee contributions are established, and may be amended, by City Charter and Council approved union contracts.

CITY OF OAK PARK

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2006

11. DEFINED BENEFIT PENSION PLAN (Continued)

Summary of Significant Accounting Policies

Basis of Accounting

The Plan's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due.

The City's contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. The plan uses the entry age actuarial cost method and a 4-year smoothed market method to value assets.

Method Used to Value Investments

The Plan's investments are reported at fair value which is determined using selected bases as follows: securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates; investments that do not have established market values are reported at estimated fair value; and cash deposits are reported at carrying amounts which reasonably estimates market value.

Annual Pension Cost and Net Pension Obligation

The City's annual pension cost and net pension obligation to the City of Oak Park Employee's Retirement Plan and Trust for the current year were as follows:

Annual required contribution/pension cost	\$3,724,277
Contribution made	<u>(3,724,277)</u>
Increase (decrease) in net pension obligation	-
Net pension obligation, beginning of year	<u>-</u>
Net pension obligation, end of year	<u>\$ -</u>

The annual required contribution for the current year was determined as part of a June 30, 2004 actuarial valuation using the level contribution method. The actuarial assumptions included (a) 7.5% investment rate of return on the investment, which includes 4% attributable to inflation, compounded annually, (b) projected salary increases of 4% per year compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0% to 4.0% per year, depending on age, attributable to seniority/merit, and (d) the assumption that benefits will not increase after retirement. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a four-year period. The unfunded, actuarial accrued liability is being amortized as a level percentage of projected payroll

CITY OF OAK PARK

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2006

11. DEFINED BENEFIT PENSION PLAN (Continued)

with 12 years remaining from a 40-year schedule, as of June 30, 2005.

Reserves - As of June 30, 2006 the plan's reserves have been fully funded as follows:

Legally required reserves:

Reserves for employees' contributions	\$ 3,851,432
Reserves for retired benefit payments	29,510,912
Additional reserves - Reserve for employer contributions	<u>24,769,450</u>
Total Reserves	<u>\$ 58,131,794</u>

The amortization period is closed - a specific number of years is counted from one date and, therefore, declines to zero with the passage of time.

Trend Information

Three Year Trend Information

<u>Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/2004	\$1,263,907	100%	\$ -
6/30/2005	2,506,790	100%	-
6/30/2006	3,724,277	100%	-

12. 45B DISTRICT COURT MONEY PURCHASE PENSION PLAN

The 45B District Court Money Purchase Pension Plan is held in trust and covers 24 employees of the District Court. The plan is available to employees upon their first day of employment and benefits are fully vested upon the seventh year of service. The third party administrator for this plan is Freedom One Financial. In the money purchase pension plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The money purchase pension plan cost to the 45B District Court for the fiscal year ended June 30, 2006 was \$149,911. The defined contribution pension cost to the employees was \$0. Contributions to the plan are recognized when due and payable. Plan provisions and contribution rates are established and may be amended by resolution of the City Council. Unvested benefits forfeited by employees who leave employment early are redistributed to active participants. Assets of the plan are valued at \$1,212,760 as of June 30, 2006.

13. POST RETIREMENT HEALTH BENEFITS

The City provides a post retirement, group hospitalization plan for its general employees and group hospitalization, dental and optical plans for its public safety employees. These plans were established through the employees' union contracts and employees not covered by union contracts will receive the same benefits that general employees receive.

CITY OF OAK PARK

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2006

13. POST RETIREMENT HEALTH BENEFITS (Continued)

The general employees' post retirement benefits and the public safety employees' coverage passes to the surviving spouse upon death of the retiree.

Currently 142 general retiree and 83 public safety retirees and surviving spouses are receiving benefits. The City pays 100% of the benefits for all public safety and general current retirees. A co-pay at the percentage indicated below will be required by retirees who were hired after January 18, 1993 for Public Safety Officers and July 1, 1992 for Public Safety Command Officers.

<u>Years of Service</u>	<u>Employer Pays</u>	<u>Employee Pays</u>
0-9	0%	100%
10-14	55	45
15-19	75	25
20-24	85	15
25 and up	100	0

Expenditures for the premiums are paid and recognized as they become due. During the year ended June 30, 2006, expenditures for general employees of \$1,194,578 and for public safety employees of \$905,011 were recognized for retiree health insurance premiums.

There is the added stipulation in the union contracts that once retirees and dependents reach age 65, they shall be converted to Medicare Complimentary Coverage.

The City has created a Retiree's Health Care Fund in anticipation of pre-funding retiree's health care in the future. The funds set aside are not held in trust for employees.

14. JOINT VENTURES

The City is a member of the Southeastern Oakland County Resource Recovery Authority (the "Authority") which consists of 12 municipalities in Oakland County and provides refuse disposal services for the benefit of member municipalities. The City appoints one member of the joint venture's governing board and controls six of sixty-nine votes. The governing board approves the annual budget. The participating communities provide funding for its operations. During the year ended June 30, 2006, the last available audited financial statements, the Authority reported a reduction in net assets in the amount of \$769,224 resulting in ending net assets in the amount of \$5,022,441. During the year ended June 30, 2006, the City expended \$470,579 of payments made to the Authority. Complete financial statements for the Southeastern Oakland County Resource Recovery Authority can be obtained from the administrative offices at 3910 Webster Road, Royal Oak, Michigan, 48073.

CITY OF OAK PARK

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2006

15. LEASES

The City of Oak Park has an agreement with HoneyBaked Hockey Club for the operation of the City ice rink. HoneyBaked will pay rent of \$2,500 each month, which is to be paid in advance by the tenth of the month. The City may terminate the contract only if HoneyBaked fails to perform the terms and conditions of the contract. The City received \$30,000 from HoneyBaked for the fiscal year ended June 30, 2006.

16. LONG-TERM DEBT

The following is a summary of long-term debt transactions of the City for the year ended June 30, 2006:

	<u>Business-Type Activities - Enterprise Fund</u>	<u>Governmental Activities -General Obligation Bonds</u>	<u>Accumulated Compensated Absences</u>	<u>Total</u>
Long-term debt payable at July 1, 2005	\$17,326,313	\$19,930,000	\$1,907,801	\$ 21,837,801
Debt issued or increases	535,823	11,000,000	51,064	11,051,064
Debt retired	(940,749)	(1,875,000)	(18,077)	(1,893,077)
Long-term debt at June 30, 2005	16,921,387	<u>\$29,055,000</u>	<u>\$1,940,788</u>	<u>\$30,995,788</u>
Accumulated compensated Absences June 30, 2005: \$ 45,309 Additions 3,447 Subtractions (1,533)	47,223			
Total - June 30, 2006	<u>\$ 16,968,610</u>			

Significant details regarding the types of debt are presented as follows:

GENERAL OBLIGATION DEBT

<u>Bonds and Contracts Payable</u>	<u>Fund Servicing Debt</u>	<u>Final Payment Due</u>	<u>Interest Rate or Range</u>	<u>Annual Principal Payment Varies Between</u>	<u>Outstanding Balance June 30, 2006</u>
Street Improvement - 2003 Series	Debt	May 1, 2028	3.0-5.0%	\$150,000-\$760,000	\$ 10,745,000
Street Improvement - 2006 Series	Debt	May 1, 2030	4.0-5.0%	\$75,000-\$800,000	11,000,000
Street Improvement - Refunding Bond 2003 Series	Debt	May 1, 2012	2.0-3.5%	\$830,000-\$1,440,000	<u>7,310,000</u>
Total General Obligation Debt					<u>\$ 29,055,000</u>

CITY OF OAK PARK

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2006

16. LONG-TERM DEBT (Continued)

The following amounts are due within one year:

Street Improvement - 2003 Series	\$ 150,000
Street Improvement - 2006 Series	0
Street Improvement – Refunding Bond - 2003 Series	<u>1,430,000</u>
Sub-Total	1,580,000
Accumulated Compensated Absences	<u>37,792</u>
Total	<u>\$ 1,617,792</u>

Debt service requirements:

<u>Year Ended</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
6/30/07	\$ 2,729,316	\$ 1,580,000	\$ 1,149,316
6/30/08	2,784,786	1,670,000	1,114,786
6/30/09	2,766,136	1,695,000	1,071,136
6/30/10	2,722,248	1,700,000	1,022,248
6/30/11	2,264,003	1,295,000	969,003
6/30/12 to 6/30/2016	9,046,865	4,825,000	4,221,865
6/30/17 to 6/30/2021	8,473,277	5,210,000	3,263,277
6/30/22 to 6/30/2026	8,474,628	6,490,000	1,984,628
6/30/27 to 6/30/2030	<u>5,072,500</u>	<u>4,590,000</u>	<u>482,500</u>
	<u>\$ 44,333,758</u>	<u>\$ 29,055,000</u>	<u>\$ 15,278,758</u>

All general obligation contract and bonded debt is supported by the City's full faith and credit.

Interest is payable on all obligations semi-annually. Principal is paid on an annual basis.

In Fiscal Year 2002-2003 the City issued two general obligation bonds totaling \$23,375,000 for the construction of streets and refunding of 1993 refunding bonds.

In November of 2002 the voters approved a millage for the construction of streets and parking lots allowing the City to issue debt in the amount of \$22.5 million. In May of 2003 the City borrowed \$11.5 million as the first phase of a six-year rebuilding program. In May of 2006 the City borrowed \$11 million as the second phase of this rebuilding program.

On June 30, 2002 the City had \$12.915 million outstanding debt from the 1993 Refunding Bonds. In May of 2003 these bonds were redeemed to take advantage of favorable interest rates. The 2003 Refunding Bonds in the amount of \$11.875 million were issued to replace these bonds.

CITY OF OAK PARK

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2006

16. LONG-TERM DEBT (Continued)

REVENUE BONDS

<u>Bonds, Contracts and Notes Payable</u>	<u>Fund Servicing Debt</u>	<u>Final Payment Due</u>	<u>Interest Rate or Range</u>	<u>Annual Principal Payment Varies Between</u>	<u>Outstanding Balance June 30, 2006</u>
Water revenue bonds	Water	May 1, 2013	2.00% - 5.00%	\$305,000-\$385,000	\$ 2,375,000

LIMITED TAX GENERAL OBLIGATION BONDS

George W. Kuhn Drain Bonds	Water	April 1, 2026	2.5% -5.375%	\$609,968-\$966,383	<u>14,546,387</u>
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Total Revenue Bond Debt	<u>\$16,921,387</u>
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The following amounts are due within one year:

1988 Water Revenue Bonds	\$ 305,000
George W. Kuhn Drain – Series A	104,433
George W. Kuhn Drain – Series B	33,688
George W. Kuhn Drain – Series C	455,464
George W. Kuhn Drain – Series D	17,518
George W. Kuhn Drain – Series E	47,163
George W. Kuhn Drain – Series 2005	9,433
Accumulated Compensated Absences	<u>7,530</u>
Total	<u>\$ 980,229</u>

Debt Service requirements:

<u>Year Ended</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
6/30/07	\$ 406,075	\$ 305,000	\$ 101,075
6/30/08	404,975	310,000	94,975
6/30/09	408,000	320,000	88,000
6/30/10	407,000	335,000	72,000
6/30/11	405,250	350,000	55,250
6/30/12 to 6/30/2013	<u>812,000</u>	<u>755,000</u>	<u>57,000</u>
Subtotal	2,843,300	2,375,000	468,300
George W. Kuhn Drain	<u>14,546,387</u>	<u>14,546,387</u>	<u>Not Available</u>
	<u>\$17,389,687</u>	<u>\$16,921,387</u>	<u>\$ 468,300</u>

CITY OF OAK PARK

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2006

16. LONG-TERM DEBT (Continued)

The City is a participating community in the George W. Kuhn drain project. The project is administered by the Oakland County Drain Commission and financed through sale of drain bonds, draw downs from the State of Michigan revolving fund, Federal and State of Michigan grants and contributions from Oakland County, Michigan. The City along with thirteen other local communities are obligated for payment of principal and interest of the outstanding debt. It is currently anticipated that the City's total obligation at the end of construction will be approximately \$15.6 million with an interest rate ranging from 2.5% to 5.375%. As of June 30, 2006 the City's obligation is \$14.55 million and incurred interest expense of \$103,612 for the year then ended. Due to the current construction of the project, the sale of drain bonds and draws from the State of Michigan revolving fund are being incurred on as an as needed basis and thus an accurate schedule of principal and interest payments cannot be determined at this time.

The water revenue bonds are not a general obligation or indebtedness of the City but are payable solely from the net revenues of the Water Supply System Fund. As additional security, the City has signed a Revenue Sharing Pledge Agreement.

On June 30, 2003 the city had \$3.175 million outstanding debt from the 1992 Refunding Bonds. In March of 2004 these bonds were redeemed to take advantage of favorable interest rates. The 2004 Refunding Bonds in the amount of \$2.945 million were issued to replace these bonds.

17. DEFEASANCE OF DEBT

During the Fiscal Year ended June 30, 2003 the City issued \$11,875,000 of general obligation bonds to provide resources to purchase U.S. Government securities that were placed in an irrevocable trust for the purposes of generating resources for all future debt service payments on \$12,230,000 of refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the Statement of Net Assets. This advanced refunding was undertaken to reduce total debt service payments by \$1,276,703, which resulted in an economic gain of \$1,028,752. On June 30, 2006 \$7,310,000 remained outstanding.

During the Fiscal Year ended June 30, 2004 the City issued \$2,945,000 of revenue bonds to provide resources to purchase U.S. Government securities that were placed in an irrevocable trust for the purposes of generating resources for all future debt service payments on \$3,175,000 of refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the Statement of Net Assets. This advanced refunding was undertaken to reduce total debt service payments by \$505,186 which resulted in an economic gain of \$430,028. On June 30, 2006 \$2,375,000 remained outstanding.

CITY OF OAK PARK

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2006

18. INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS IN AND OUT

Individual fund receivable and payable balances at June 30, 2006 are shown below:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 92,440	\$ -
Non-major Governmental Funds	<u>-</u>	<u>92,440</u>
Total	<u>\$ 92,440</u>	<u>\$ 92,440</u>

The interfund balance is due to the CDBG Fund. Community Development Block Grant is a reimbursement type grant where funds must be expended before they are reimbursed, creating an interfund balance.

Interfund transfers for the year ended June 30, 2006 include:

	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 260,000	\$ 1,721,583
Major Street Fund	-	286,406
Solid Waste Fund	-	310,000
Non-Major Governmental Funds	2,007,989	-
Enterprise Funds:		
Water & Sewer Fund	<u>50,000</u>	<u>-</u>
Total	<u>\$2,317,989</u>	<u>\$2,317,989</u>

Interfund transfers were made from the General Fund to the City Owned Property to account for expenditures to improve the properties. An amount was transferred from the General Fund (\$1,721,583) to the District Court Fund to cover expenditures in the court above those funded by revenues. The City is allowed to transfer up to 25% of funds received under Act 51 in the Major Street Fund to the Local Street Fund. An amount was transferred from the Major Street Fund (\$286,406) to the Local Street Fund to cover expenditures. An amount was transferred from the Solid Waste Fund (\$310,000) to reimburse the General Fund (\$260,000) and Water & Sewer Fund (\$50,000) for services rendered.

CITY OF OAK PARK

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2006

19. FUND BALANCE

A detailed listing of fund balances for reserved and unreserved balances is as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Totals</u>
Reserved:					
Reserved for Debt Service	\$ -	\$ -	\$ 371,772	\$ -	\$ 371,772
Reserved for Future Capital Improvements	-	-	-	13,624,394	13,624,394
Reserved for Prepaid Expenditures	<u>141,640</u>	<u>34,345</u>	<u>-</u>	<u>1,089</u>	<u>177,074</u>
Total reserved	\$ 141,640	\$ 34,345	\$ 371,772	\$13,625,483	\$14,173,240
Unreserved:					
Undesignated	<u>1,869,129</u>	<u>2,741,468</u>	<u>-</u>	<u>-</u>	<u>4,610,597</u>
TOTAL FUND BALANCE	<u>\$2,010,769</u>	<u>\$2,775,813</u>	<u>\$ 371,772</u>	<u>\$13,625,483</u>	<u>\$18,783,837</u>

20. COMPONENT UNIT DEFICIT

As of June 30, 2006 the Brownfield Authority, a component unit of the City, had a fund deficit of \$5,783 as a result of expenditures made prior to taxes being captured. These expenditures will be reimbursed in the next fiscal year eliminating the deficit.

21. SUMMARY OF DISCLOSURE OF SIGNIFICANT CONTINGENCIES

Litigation

Pursuant to the General Property Tax Laws of the State of Michigan, the City receives revenues from property taxes levied against real and personal property located in the City. A number of entities owning property within the City have appealed their assessments to the Michigan Tax Tribunal. Although a reduction by the Tax Tribunal of any such assessments would result in a liability for the City to refund some taxes which have been collected, management believes a contingent liability for such refunds would be immaterial to the financial statements except for one case. The City Attorney has judged the loss of one case to be probable therefore a contingent liability of \$47,891 in the General Fund, \$6,772 in the Solid Waste Fund, \$3,560 in the 2003 Street Improvement Debt Service Fund and \$7,174 in the 2003 Street Refunding Debt Service Fund has been established.

There are several pending lawsuits in which the City is involved. The City Attorney estimates that potential claims against the City being defended by attorneys appointed by liability insurance carriers would not materially affect the operations or financial condition of the City. The City Attorney estimates, that while possible, it is not probable that the City will receive unfavorable rulings in the other lawsuits.

CITY OF OAK PARK

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

FOR THE YEAR ENDED JUNE 30, 2006

DEFINED BENEFIT PENSION PLAN

Trend Information

Schedule of Funding Progress (\$ in thousands)

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) Level Fund</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a % of Covered Payroll</u>
06/30/2005	\$ 60,661	\$ 81,957	\$ 21,296	74.0%	\$ 9,448	225%
06/30/2004	64,471	79,379	14,908	81.2%	\$ 8,875	168%
06/30/2003	71,367	77,576	6,209	92.0%	8,872	70% -
06/30/2002	77,078	74,827	(2,251)	103.0%	9,146	-
06/30/2001	81,235	73,646	(7,589)	110.3%	9,282	-
06/30/2000	78,887	69,488	(9,399)	113.5%	8,745	-

Schedule of Employer Contributions (\$ in thousands)

<u>Fiscal Year</u>	<u>Contribution Rates as % of Valuation Payroll</u>	<u>Annual Required Contribution</u>	<u>Actual Annual Contribution</u>	<u>Percent of Required Contribution</u>
06/30/2005	26.25%	\$ 2,507	\$ 2,507	100
06/30/2004	14.24	1,264	1,264	100
06/30/2003	9.37	831	831	100
06/30/2002	7.54	690	690	100
06/30/2001	12.27	1,139	1,139	100
06/30/2000	16.57	1,449	1,449	100

**CITY OF OAK PARK, MICHIGAN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2006**

<u>ASSETS</u>	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECT FUNDS	TOTAL
Cash and cash equivalents	\$ 494,178	\$ 352,824	\$ 170,226	\$ 1,017,228
Investments	332,209	27,936	118,507	478,652
Taxes receivable	-	82,743	-	82,743
Special assessments receivable	-	-	11,606	11,606
Accounts receivable	69,911	-	2,409	72,320
Accrued interest receivable	3,975	-	1,376	5,351
Due from other governmental units	106,006	-	-	106,006
Due from State	74,708	-	-	74,708
Due from other funds	-	-	-	-
Prepaid expenditures	30,687	-	-	30,687
Restricted assets:				
Cash and cash equivalents	243,141	-	-	243,141
<u>TOTAL ASSETS</u>	<u>\$ 1,354,815</u>	<u>\$ 463,503</u>	<u>304,124</u>	<u>\$ 2,122,442</u>
 <u>LIABILITIES AND FUND BALANCES</u>				
LIABILITIES				
Accounts payable	\$ 138,252	\$ 10,734	\$ 6,079	\$ 155,065
Accounts payable from restricted assets	243,141	-	-	243,141
Accrued and other liabilities	38,580	-	-	38,580
Due to other funds	92,440	-	-	92,440
Deferred revenue	8,973	80,997	-	89,970
 TOTAL LIABILITIES	 521,386	 91,731	 6,079	 619,196
FUND BALANCES				
Reserved for debt service	-	371,772	-	371,772
Reserved for capital projects	-	-	298,045	298,045
Reserved for prepaid expenditures	30,687	-	-	30,687
Unreserved	802,742	-	-	802,742
 TOTAL FUND BALANCES	 833,429	 371,772	 298,045	 1,503,246
 <u>TOTAL LIABILITIES AND FUND BALANCES</u>	 <u>\$ 1,354,815</u>	 <u>\$ 463,503</u>	 <u>\$ 304,124</u>	 <u>\$ 2,122,442</u>

**CITY OF OAK PARK, MICHIGAN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS
JUNE 30, 2006**

	CRIMINAL			
	LOCAL	NARCOTICS	JUSTICE	DISASTER
	STREET	FORFEITURE	TRAINING	CONTINGENCY
<u>ASSETS</u>				
Cash and cash equivalents	\$ 351,276	\$ 11,892	\$ 1,286	\$ 1,829
Investments	244,549	8,278	896	1,274
Accounts receivable	-	-	-	-
Accrued interest receivable	2,799	101	11	15
Due from other governmental units	-	-	-	-
Due from State	74,708	-	-	-
Prepaid expenditures	5,416	-	-	-
Restricted assets:				
Cash and cash equivalents	-	-	-	-
<u>TOTAL ASSETS</u>	<u>\$ 678,748</u>	<u>\$ 20,271</u>	<u>\$ 2,193</u>	<u>\$ 3,118</u>
<u>LIABILITIES AND FUND BALANCES</u>				
LIABILITIES				
Accounts payable	\$ 677	\$ -	\$ 750	\$ -
Accounts payable from restricted assets	-	-	-	-
Accrued and other liabilities	6,611	-	-	-
Due to other funds	-	-	-	-
Deferred revenue	-	8,973	-	-
<u>TOTAL LIABILITIES</u>	<u>7,288</u>	<u>8,973</u>	<u>750</u>	<u>-</u>
FUND BALANCES				
Reserved:				
Prepaid expenditures	5,416	-	-	-
Unreserved	666,044	11,298	1,443	3,118
<u>TOTAL FUND BALANCES</u>	<u>671,460</u>	<u>11,298</u>	<u>1,443</u>	<u>3,118</u>
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$ 678,748</u>	<u>\$ 20,271</u>	<u>\$ 2,193</u>	<u>\$ 3,118</u>

COMMUNITY DEVELOPMENT BLOCK GRANT	AFTER SCHOOL PROGRAM	P.U.S.H. PROGRAM	JUSTICE ASSISTANCE GRANT	CASEFLOW ASSISTANCE FUND	45-B DISTRICT COURT	TOTAL
\$ -	\$ -	\$ 518	\$ -	\$ 41,192	\$ 86,185	\$ 494,178
-	-	362	-	28,676	48,174	332,209
-	-	7,500	-	-	62,411	69,911
-	-	4	-	350	695	3,975
106,006	-	-	-	-	-	106,006
-	-	-	-	-	-	74,708
2,763	-	-	-	-	22,508	30,687
-	-	-	-	-	243,141	243,141
\$ 108,769	\$ -	\$ 8,384	\$ -	\$ 70,218	\$ 463,114	\$ 1,354,815

\$ 14,108	\$ -	\$ -	\$ -	\$ -	\$ 122,717	\$ 138,252
-	-	-	-	-	243,141	243,141
2,221	-	-	-	-	29,748	38,580
92,440	-	-	-	-	-	92,440
-	-	-	-	-	-	8,973
108,769	-	-	-	-	395,606	521,386
2,763	-	-	-	-	22,508	30,687
(2,763)	-	8,384	-	70,218	45,000	802,742
-	-	8,384	-	70,218	67,508	833,429
\$ 108,769	\$ -	\$ 8,384	\$ -	\$ 70,218	\$ 463,114	\$ 1,354,815

**CITY OF OAK PARK, MICHIGAN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DEBT SERVICE FUNDS
JUNE 30, 2006**

	2003 STREET IMPROVEMENT BOND	2003 STREET REFUNDING BOND	2006 STREET IMPROVEMENT BOND	MUNICIPAL BUILDING AUTHORITY	TOTAL
<u>ASSETS</u>					
Cash and cash equivalents	\$ 278,862	\$ 44,700	\$ 20,410	\$ 8,852	\$ 352,824
Investments	11,698	16,196	-	42	27,936
Taxes receivable	55,630	27,113	-	-	82,743
<u>TOTAL ASSETS</u>	<u>\$ 346,190</u>	<u>\$ 88,009</u>	<u>\$ 20,410</u>	<u>\$ 8,894</u>	<u>\$ 463,503</u>
<u>LIABILITIES AND FUND BALANCES</u>					
LIABILITIES					
Accounts payable	\$ 3,560	\$ 7,174	\$ -	\$ -	\$ 10,734
Deferred revenue	55,010	25,987	-	-	80,997
<u>TOTAL LIABILITIES</u>	<u>58,570</u>	<u>33,161</u>	<u>-</u>	<u>-</u>	<u>91,731</u>
FUND BALANCES					
Reserved for Debt Service	287,620	54,848	20,410	8,894	371,772
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$ 346,190</u>	<u>\$ 88,009</u>	<u>\$ 20,410</u>	<u>\$ 8,894</u>	<u>\$ 463,503</u>

**CITY OF OAK PARK, MICHIGAN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECT FUNDS
JUNE 30, 2006**

	PUBLIC	CITY OWNED	SIDEWALK	MUNICIPAL	
	IMPROVEMENT	PROPERTY	PROGRAM	BUILDING	TOTAL
				CONSTRUCTION	
<u>ASSETS</u>					
Cash and cash equivalents	\$ 27,606	\$ -	\$ 15,801	\$ 126,819	\$ 170,226
Investments	19,219	-	11,001	88,287	118,507
Special assessments receivable	-	-	11,606	-	11,606
Accounts receivable	-	-	2,409	-	2,409
Accrued interest receivable	234	-	66	1,076	1,376
<u>TOTAL ASSETS</u>	<u>\$ 47,059</u>	<u>\$ -</u>	<u>\$ 40,883</u>	<u>\$ 216,182</u>	<u>\$ 304,124</u>
<u>LIABILITIES AND FUND BALANCES</u>					
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ 6,079	\$ -	\$ 6,079
Deferred revenue	-	-	-	-	-
Due to other funds	-	-	-	-	-
<u>TOTAL LIABILITIES</u>	<u>-</u>	<u>-</u>	<u>6,079</u>	<u>-</u>	<u>6,079</u>
FUND BALANCES					
Reserved for capital improvements	47,059	-	34,804	216,182	298,045
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$ 47,059</u>	<u>\$ -</u>	<u>\$ 40,883</u>	<u>\$ 216,182</u>	<u>\$ 304,124</u>

CITY OF OAK PARK, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES
and CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECT FUNDS	TOTAL
REVENUES				
Property taxes	\$ -	\$ 2,527,916	\$ -	\$ 2,527,916
Special assessments	-	-	26,109	26,109
Intergovernmental revenue:				
Federal grants	210,129	-	-	210,129
State grants	558,525	-	-	558,525
Other grants	15,524	-	-	15,524
Charges for services	215,275	-	-	215,275
Fines and forfeitures	7,051	-	71,995	79,046
Interest	27,307	91,165	10,700	129,172
TOTAL REVENUE	1,033,811	2,619,081	108,804	3,761,696
EXPENDITURES				
Current:				
Judicial	2,034,224	-	-	2,034,224
Public safety	99,306	-	-	99,306
Road maintenance and repair	636,570	-	-	636,570
Public works	-	-	21,769	21,769
Community enrichment and development	187,818	-	-	187,818
Debt service:				
Principal	-	1,875,000	-	1,875,000
Interest	-	707,092	-	707,092
Capital outlay	-	-	-	-
TOTAL EXPENDITURES	2,957,918	2,582,092	21,769	5,561,779
REVENUES OVER (UNDER) EXPENDITURES	(1,924,107)	36,989	87,035	(1,800,083)
OTHER FINANCING SOURCES				
Transfers in	2,007,989	-	-	2,007,989
Net change in fund balances	83,882	36,989	87,035	207,906
FUND BALANCES, BEGINNING OF YEAR	749,547	334,783	211,010	1,295,340
FUND BALANCES, END OF YEAR	\$ 833,429	\$ 371,772	\$ 298,045	\$ 1,503,246

CITY OF OAK PARK, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES, and CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

	LOCAL STREET	NARCOTICS FORFEITURE	CRIMINAL JUSTICE TRAINING	DISASTER CONTINGENCY
REVENUES				
Intergovernmental revenue:				
Federal grants	\$ -	\$ -	\$ -	\$ -
State grants	452,446	-	14,631	-
Other grants	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	7,051	-	-
Interest	19,609	1,229	149	107
TOTAL REVENUE	472,055	8,280	14,780	107
EXPENDITURES				
Current:				
Judicial	-	-	-	-
Public safety	-	61,449	20,939	-
Road maintenance and repair	636,570	-	-	-
Community enrichment and development	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	636,570	61,449	20,939	-
REVENUES OVER (UNDER) EXPENDITURES	(164,515)	(53,169)	(6,159)	107
OTHER FINANCING SOURCES				
Transfers in	286,406	-	-	-
NET CHANGE IN FUND BALANCES	121,891	(53,169)	(6,159)	107
FUND BALANCES, BEGINNING OF YEAR	549,569	64,467	7,602	3,011
FUND BALANCES, END OF YEAR	\$ 671,460	\$ 11,298	\$ 1,443	\$ 3,118

COMMUNITY DEVELOPMENT BLOCK GRANT	AFTER SCHOOL PROGRAM	P.U.S.H. PROGRAM	JUSTICE ASSISTANCE GRANT	CASEFLOW ASSISTANCE FUND	45-B DISTRICT COURT	TOTAL
\$ 172,218	\$ 15,600	\$ 7,500	\$ 14,811	\$ -	\$ -	\$ 210,129
-	-	-	-	-	91,448	558,525
-	-	-	-	15,524	-	15,524
-	-	-	-	-	215,275	215,275
-	-	-	-	-	-	7,051
-	-	30	8	1,981	4,194	27,307
172,218	15,600	7,530	14,819	17,505	310,917	1,033,811
-	-	-	-	-	2,034,224	2,034,224
-	-	-	16,918	-	-	99,306
-	-	-	-	-	-	636,570
172,218	15,600	-	-	-	-	187,818
-	-	-	-	-	-	-
172,218	15,600	-	16,918	-	2,034,224	2,957,918
-	-	7,530	(2,099)	17,505	(1,723,307)	(1,924,107)
-	-	-	-	-	1,721,583	2,007,989
-	-	7,530	(2,099)	17,505	(1,724)	83,882
-	-	854	2,099	52,713	69,232	749,547
\$ -	\$ -	\$ 8,384	\$ -	\$ 70,218	\$ 67,508	\$ 833,429

CITY OF OAK PARK, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES, and CHANGES IN FUND BALANCES
DEBT SERVICE FUNDS
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

	2003 STREET IMPROVEMENT BOND	2003 STREET REFUNDING BOND	2006 STREET IMPROVEMENT BOND	MUNICIPAL BUILDING AUTHORITY	TOTAL
REVENUES					
Property taxes	\$ 839,872	\$ 1,688,044	\$ -	\$ -	\$ 2,527,916
Interest income	25,840	44,491	20,410	424	91,165
TOTAL REVENUES	865,712	1,732,535	20,410	424	2,619,081
EXPENDITURES					
Debt service:					
Principal	380,000	1,495,000	-	-	1,875,000
Interest and charges	472,525	234,567	-	-	707,092
TOTAL EXPENDITURES	852,525	1,729,567	-	-	2,582,092
REVENUES OVER (UNDER) EXPENDITURES	13,187	2,968	20,410	424	36,989
FUND BALANCES, BEGINNING OF YEAR	274,433	51,880	-	8,470	334,783
FUND BALANCES, END OF YEAR	\$ 287,620	\$ 54,848	\$ 20,410	\$ 8,894	\$ 371,772

CITY OF OAK PARK, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES, and CHANGES IN FUND BALANCES
CAPITAL PROJECT FUNDS
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

	PUBLIC	CITY OWNED	SIDEWALK	MUNICIPAL	
	IMPROVEMENT	PROPERTY	PROGRAM	BUILDING	TOTAL
				CONSTRUCTION	
REVENUE					
Special assessments	\$ -	\$ -	\$ 26,109	\$ -	\$ 26,109
Fines and forfeitures	-	-	-	71,995	71,995
Interest income	1,513	-	2,588	6,599	10,700
TOTAL REVENUES	1,513	-	28,697	78,594	108,804
EXPENDITURES					
Public works	-	-	21,769	-	21,769
Community development	-	-	-	-	-
Capital outlay	-	-	-	-	-
TOTAL EXPENDITURES	-	-	21,769	-	21,769
REVENUES OVER (UNDER) EXPENDITURES	1,513	-	6,928	78,594	87,035
OTHER FINANCING SOURCES					
Transfers in	-	-	-	-	-
NET CHANGE IN FUND BALANCES	1,513	-	6,928	78,594	87,035
FUND BALANCES, BEGINNING OF YEAR	45,546	-	27,876	137,588	211,010
FUND BALANCES, END OF YEAR	\$ 47,059	\$ -	\$ 34,804	\$ 216,182	\$ 298,045

CITY OF OAK PARK, MICHIGAN
SCHEDULE OF REVENUES, EXPENDITURES, and CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL - LOCAL STREET FUND
FOR THE YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Budgetary fund balance, July 1	\$ 537,444	\$ 549,569	\$ 549,569	\$ -
Resources (inflows):				
State Grants - Streets	420,346	420,346	452,446	32,100
Interest Income & Other	4,000	10,000	19,609	9,609
Transfer-In	<u>250,000</u>	<u>300,000</u>	<u>286,406</u>	<u>(13,594)</u>
Amounts available for appropriation	<u>1,211,790</u>	<u>1,279,915</u>	<u>1,308,030</u>	<u>28,115</u>
Charges to appropriation (outflows):				
Road Maintenance & Repair	<u>605,592</u>	<u>622,592</u>	<u>636,570</u>	<u>(13,978)</u>
Total Charges To Appropriations	<u>605,592</u>	<u>622,592</u>	<u>636,570</u>	<u>(13,978)</u>
Budgetary fund balance, June 30	<u>\$ 606,198</u>	<u>\$ 657,323</u>	<u>\$ 671,460</u>	<u>\$ 14,137</u>

CITY OF OAK PARK, MICHIGAN
SCHEDULE OF REVENUES, EXPENDITURES, and CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL - NARCOTICS FORFEITURE FUND
FOR THE YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive
				(Negative)
Budgetary fund balance, July 1	\$ 66,088	\$ 64,467	\$ 64,467	\$ -
Resources (inflows):				
Fines and Forfeitures	15,000	14,951	7,051	(7,900)
Interest Income & Other	<u>1,200</u>	<u>1,082</u>	<u>1,229</u>	<u>147</u>
Amounts available for appropriation	<u>82,288</u>	<u>80,500</u>	<u>72,747</u>	<u>(7,753)</u>
Charges to appropriation (outflows):				
Public Safety	<u>25,000</u>	<u>62,000</u>	<u>61,449</u>	<u>551</u>
Budgetary fund balance, June 30	<u>\$ 57,288</u>	<u>\$ 18,500</u>	<u>\$ 11,298</u>	<u>\$ (7,202)</u>

CITY OF OAK PARK, MICHIGAN
SCHEDULE OF REVENUES, EXPENDITURES, and CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL - CRIMINAL JUSTICE TRAINING FUND
FOR THE YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive
				(Negative)
Budgetary fund balance, July 1	\$ 15,777	\$ 7,602	\$ 7,602	\$ -
Resources (inflows):				
State Grants	15,000	14,725	14,631	(94)
Interest Income	200	151	149	(2)
Amounts available for appropriation	30,977	22,478	22,382	(96)
Charges to appropriation (outflows):				
Public Safety	15,000	14,509	20,939	(6,430)
 Budgetary fund balance, June 30	<u>\$ 15,977</u>	<u>\$ 7,969</u>	<u>\$ 1,443</u>	<u>\$ (6,526)</u>

CITY OF OAK PARK, MICHIGAN
SCHEDULE OF REVENUES, EXPENDITURES, and CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL - DISASTER CONTINGENCY FUND
FOR THE YEAR ENDED JUNE 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	Final Budget
				Positive
				(Negative)
Budgetary fund balance, July 1	\$ 3,002	\$ 3,011	\$ 3,011	\$ -
Resources (inflows):				
Interest Income	50	63	107	44
Amounts available for appropriation	3,052	3,074	3,118	44
 Budgetary fund balance, June 30	 <u>\$ 3,052</u>	 <u>\$ 3,074</u>	 <u>\$ 3,118</u>	 <u>\$ 44</u>

CITY OF OAK PARK, MICHIGAN
SCHEDULE OF REVENUES, EXPENDITURES, and CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL - COMMUNITY DEVELOPMENT BLOCK GRANT FUND
FOR THE YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive
				(Negative)
Budgetary fund balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (inflows):				
Federal Grants	161,785	113,864	172,218	58,354
Charges for Services	-	-	-	-
Amounts available for appropriation	161,785	113,864	172,218	58,354
Charges to appropriation (outflows):				
Community Enrichment and Development	161,785	113,864	172,218	(58,354)
 Budgetary fund balance, June 30	 \$ -	 \$ -	 \$ -	 \$ -

CITY OF OAK PARK, MICHIGAN
SCHEDULE OF REVENUES, EXPENDITURES, and CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL - AFTER SCHOOL PROGRAM GRANT FUND
FOR THE YEAR ENDED JUNE 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	Final Budget
				Positive
				(Negative)
Budgetary fund balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (inflows):				
Federal Grants	35,000	16,978	15,600	(1,378)
Interest Income & Other	400	-	-	-
Amounts available for appropriation	35,400	16,978	15,600	(1,378)
Charges to appropriation (outflows):				
Community Enrichment and Development	35,400	16,978	15,600	1,378
Budgetary fund balance, June 30	\$ -	\$ -	\$ -	\$ -

CITY OF OAK PARK, MICHIGAN
SCHEDULE OF REVENUES, EXPENDITURES, and CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL - P.U.S.H. PROGRAM GRANT FUND
FOR THE YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive
				(Negative)
Budgetary fund balance, July 1	\$ -	\$ 854	\$ 854	\$ -
Resources (inflows):				
Federal Grants	-	-	7,500	7,500
Interest Income & Other	-	12	30	18
Transfer In	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amounts available for appropriation	<u>5,000</u>	<u>866</u>	<u>8,384</u>	<u>7,518</u>
Charges to appropriation (outflows):				
Community Enrichment and Development	<u>5,000</u>	<u>866</u>	<u>-</u>	<u>866</u>
Budgetary fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,384</u>	<u>\$ 8,384</u>

CITY OF OAK PARK, MICHIGAN
SCHEDULE OF REVENUES, EXPENDITURES, and CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL - JUSTICE ASSISTANCE GRANT FUND
FOR THE YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Budgetary fund balance, July 1	\$ -	\$ 2,098	\$ 2,099	\$ 1
Resources (inflows):				
Federal Grants	24,375	14,811	14,811	-
Interest Income & Other	860	8	8	-
Transfer In	<u>1,140</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amounts available for appropriation	<u>26,375</u>	<u>16,917</u>	<u>16,918</u>	<u>1</u>
Charges to appropriation (outflows):				
Public Safety	<u>26,375</u>	<u>16,917</u>	<u>16,918</u>	<u>(1)</u>
Budgetary fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF OAK PARK, MICHIGAN
SCHEDULE OF REVENUES, EXPENDITURES, and CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL - CASEFLOW ASSISTANCE FUND
FOR THE YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive
				(Negative)
Budgetary fund balance, July 1	\$ 45,726	\$ 52,713	\$ 52,713	\$ -
Resources (inflows):				
State Grants	23,000	15,000	15,524	524
Interest Income	400	850	1,981	1,131
Amounts available for appropriation	69,126	68,563	70,218	1,655
Budgetary fund balance, June 30	<u>\$ 69,126</u>	<u>\$ 68,563</u>	<u>\$ 70,218</u>	<u>\$ 1,655</u>

CITY OF OAK PARK, MICHIGAN
SCHEDULE OF REVENUES, EXPENDITURES, and CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL - DISTRICT COURT 45B FUND
FOR THE YEAR ENDED JUNE 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget Positive (Negative)</u>
Budgetary fund balance, July 1	\$ 45,000	\$ 69,232	\$ 69,232	\$ -
Resources (inflows):				
State Grants	\$ 91,448	\$ 91,448	\$ 91,448	\$ -
Charges for services	230,000	230,000	215,275	(14,725)
Interest and other	2,000	2,000	4,194	2,194
Amounts available for appropriation	368,448	392,680	380,149	(12,531)
Charges to appropriation (outflows):				
Judicial services	2,030,031	1,985,650	2,034,224	(48,574)
Capital outlay	15,000	20,000	-	20,000
Total Charges To Appropriations	2,045,031	2,005,650	2,034,224	(28,574)
REVENUES UNDER EXPENDITURES	(1,676,583)	(1,612,970)	(1,654,075)	(41,105)
OTHER FINANCING SOURCES				
Transfers in	1,721,583	1,697,202	1,721,583	24,381
Budgetary fund balance, June 30	\$ 45,000	\$ 84,232	\$ 67,508	\$ (16,724)

CITY OF OAK PARK, MICHIGAN
SCHEDULE OF REVENUES, EXPENDITURES, and CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL - 2003 ST. IMPROVEMENT DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	Final Budget
				Positive
				(Negative)
Budgetary fund balance, July 1	\$ 261,864	\$ 274,433	\$ 274,433	\$ -
Resources (inflows):				
Property taxes	862,480	860,000	839,872	(20,128)
Interest income	<u>4,000</u>	<u>10,000</u>	<u>25,840</u>	<u>15,840</u>
Amounts available for appropriation	<u>1,128,344</u>	<u>1,144,433</u>	<u>1,140,145</u>	<u>(4,288)</u>
Charges to appropriation (outflows):				
Principal	380,000	380,000	380,000	-
Interest and Other	<u>486,480</u>	<u>486,730</u>	<u>472,525</u>	<u>14,205</u>
Total Charges To Appropriations	<u>866,480</u>	<u>866,730</u>	<u>852,525</u>	<u>14,205</u>
Budgetary fund balance, June 30	<u>\$ 261,864</u>	<u>\$ 277,703</u>	<u>\$ 287,620</u>	<u>\$ 9,917</u>

CITY OF OAK PARK, MICHIGAN
SCHEDULE OF REVENUES, EXPENDITURES, and CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL - 2003 ST. REFUNDING DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Budgetary fund balance, July 1	\$ 30,967	\$ 51,880	\$ 51,880	\$ -
Resources (inflows):				
Property taxes	1,738,068	1,730,000	1,688,044	(41,956)
Interest income	<u>5,000</u>	<u>10,000</u>	<u>44,491</u>	<u>34,491</u>
Amounts available for appropriation	<u>1,774,035</u>	<u>1,791,880</u>	<u>1,784,415</u>	<u>(7,465)</u>
Charges to appropriation (outflows):				
Principal	1,495,000	1,495,000	1,495,000	-
Interest and Other	<u>248,068</u>	<u>244,318</u>	<u>234,567</u>	<u>9,751</u>
Total Charges To Appropriations	<u>1,743,068</u>	<u>1,739,318</u>	<u>1,729,567</u>	<u>9,751</u>
Budgetary fund balance, June 30	<u>\$ 30,967</u>	<u>\$ 52,562</u>	<u>\$ 54,848</u>	<u>\$ 2,286</u>

CITY OF OAK PARK, MICHIGAN
SCHEDULE OF REVENUES, EXPENDITURES, and CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL - 2006 ST. IMPROVEMENT DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Budgetary fund balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (inflows):				
Property taxes	-	-	-	-
Interest income	-	-	20,410	20,410
Amounts available for appropriation	-	-	20,410	20,410
Charges to appropriation (outflows):				
Principal	-	-	-	-
Interest and Other	-	-	-	-
Total Charges To Appropriations	-	-	-	-
Budgetary fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,410</u>	<u>\$ 20,410</u>

CITY OF OAK PARK, MICHIGAN
SCHEDULE OF REVENUES, EXPENDITURES, and CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL - PUBLIC IMPROVEMENT FUND
FOR THE YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Budgetary fund balance, July 1	\$ 45,078	\$ 45,546	\$ 45,546	\$ -
Resources (inflows):				
Interest income	<u>200</u>	<u>750</u>	<u>1,513</u>	<u>763</u>
Amounts available for appropriation	<u>45,278</u>	<u>46,296</u>	<u>47,059</u>	<u>763</u>
Budgetary fund balance, June 30	<u>\$ 45,278</u>	<u>\$ 46,296</u>	<u>\$ 47,059</u>	<u>\$ 763</u>

CITY OF OAK PARK, MICHIGAN
SCHEDULE OF REVENUES, EXPENDITURES, and CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL - CITY OWNED PROPERTY
FOR THE YEAR ENDED JUNE 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	Final Budget
				Positive
				(Negative)
Budgetary fund balance, July 1	\$ -	\$ -	\$ -	\$ -
Charges to appropriation (outflows):				
Community Enrichment and Development	-	-	-	-
OTHER FINANCING SOURCES				
Transfers in	-	-	-	-
Budgetary fund balance, June 30	\$ -	\$ -	\$ -	\$ -

CITY OF OAK PARK, MICHIGAN
SCHEDULE OF REVENUES, EXPENDITURES, and CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL - SIDEWALK PROGRAM
FOR THE YEAR ENDED JUNE 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	
Budgetary fund balance, July 1	\$ 29,345	\$ 27,876	\$ 27,876	\$ -
Resources (inflows):				
Charges for Services	15,000	29,000	26,109	(2,891)
Interest income	<u>600</u>	<u>2,400</u>	<u>2,588</u>	<u>188</u>
Amounts available for appropriation	<u>44,945</u>	<u>59,276</u>	<u>56,573</u>	<u>(2,703)</u>
Charges to appropriation (outflows):				
Public Works	-	20,000	21,769	(1,769)
Capital Projects - Sidewalks	<u>15,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Charges To Appropriations	<u>15,000</u>	<u>20,000</u>	<u>21,769</u>	<u>(1,769)</u>
Budgetary fund balance, June 30	<u><u>\$ 29,945</u></u>	<u><u>\$ 39,276</u></u>	<u><u>\$ 34,804</u></u>	<u><u>\$ (4,472)</u></u>

CITY OF OAK PARK, MICHIGAN
SCHEDULE OF REVENUES, EXPENDITURES, and CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL - MUNICIPAL BUILDING CONSTRUCTION FUND
FOR THE YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Budgetary fund balance, July 1	\$ 131,013	\$ 137,588	\$ 137,588	\$ -
Resources (inflows):				
Ordinance Fines	55,000	60,000	71,995	11,995
Interest income	<u>1,100</u>	<u>2,700</u>	<u>6,599</u>	<u>3,899</u>
Amounts available for appropriation	<u>187,113</u>	<u>200,288</u>	<u>216,182</u>	<u>15,894</u>
 Budgetary fund balance, June 30	 <u>\$ 187,113</u>	 <u>\$ 200,288</u>	 <u>\$ 216,182</u>	 <u>\$ 15,894</u>

CITY OF OAK PARK, MICHIGAN
SCHEDULE OF REVENUES, EXPENDITURES, and CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL - ROAD CONSTRUCTION FUND
FOR THE YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive
				(Negative)
Budgetary fund balance, July 1	\$ 5,365,741	\$ 5,947,298	\$ 5,947,298	\$ -
Resources (inflows):				
Bond Proceeds	-	11,000,000	10,890,965	
Interest income	50,000	75,000	239,317	164,317
Amounts available for appropriation	5,415,741	17,022,298	17,077,580	55,282
Charges to appropriation (outflows):				
Road Maintenance & Repair	551,281	986,371	747,245	239,126
Capital Outlay - Roads	2,253,940	1,924,063	3,002,897	(1,078,834)
Total Charges To Appropriations	2,805,221	2,910,434	3,750,142	(839,708)
Budgetary fund balance, June 30	<u>\$ 2,610,520</u>	<u>\$ 14,111,864</u>	<u>\$ 13,327,438</u>	<u>\$ (784,426)</u>

CITY OF OAK PARK, MICHIGAN
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
JUNE 30, 2006

		RISK	CENTRAL		RETIREES	RETIREES	
		MANAGEMENT	SERVICES	MOTOR POOL	HEALTH CARE	HEALTH CARE	TOTAL
					COURT	GENERAL	
ASSETS							
Current Assets:							
Cash and Cash Equivalents	\$	145,592	\$ 35,076	\$ 439,297	\$ 114,010	\$ 61,163	\$ 795,138
Investments		101,357	24,420	305,827	79,370	353,171	864,145
Receivables (net)		1,231	258	3,744	915	519	6,667
Prepaid expenses		68,627	-	2,598	1,399	-	72,624
Total current assets		316,807	59,754	751,466	195,694	414,853	1,738,574
Noncurrent assets:							
Capital assets:							
Depreciable buildings, property, and equipment, net		-	3,313	1,339,191	-	-	1,342,504
Total assets	\$	316,807	\$ 63,067	\$ 2,090,657	\$ 195,694	\$ 414,853	\$ 3,081,078
LIABILITIES							
Current liabilities:							
Accounts payable	\$	2,228	\$ 150	\$ 28,168	\$ 6,078	\$ -	\$ 36,624
Accrued and other liabilities		74,000	-	28,544	-	-	102,544
Total liabilities		76,228	150	56,712	6,078	-	139,168
NET ASSETS							
Invested in capital assets		-	3,313	1,339,191	-	-	1,342,504
Unrestricted		240,579	59,604	694,754	189,616	414,853	1,599,406
Total net assets		240,579	62,917	2,033,945	189,616	414,853	2,941,910
Total liabilities and net assets	\$	316,807	\$ 63,067	\$ 2,090,657	\$ 195,694	\$ 414,853	\$ 3,081,078

**CITY OF OAK PARK, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2006**

	RISK MANAGEMENT	CENTRAL SERVICES	MOTOR POOL	RETIREES HEALTH CARE COURT	RETIREES HEALTH CARE GENERAL	TOTAL
Operating revenues:						
Charges for services	\$ 578,053	\$ 74,000	\$ 864,169	\$ 10,563	\$ -	\$ 1,526,785
Fines and forfeits	-	-	-	71,995	-	71,995
Miscellaneous	34,907	-	-	-	-	34,907
Total operating revenues	612,960	74,000	864,169	82,558	-	1,633,687
Operating expenses:						
Gas purchases	-	-	169,164	-	-	169,164
Professional services	-	12,820	24,778	-	9,700	47,298
Supplies	-	2,215	157,276	-	-	159,491
Postage	-	57,113	-	-	-	57,113
Depreciation	-	1,657	261,811	-	-	263,468
Wages and benefits	-	-	188,234	-	-	188,234
Claims	15,350	-	-	-	-	15,350
Insurance payments	634,297	-	-	183,497	-	817,794
Other	13,351	552	20	-	-	13,923
Total operating expenses	662,998	74,357	801,283	183,497	9,700	1,731,835
Operating income (loss)	(50,038)	(357)	62,886	(100,939)	(9,700)	(98,148)
Nonoperating revenues (expenses):						
Interest and investment revenues	4,774	2,018	27,388	6,625	3,729	44,534
Unrealized gain on investments	-	-	-	-	24,561	24,561
Loss on disposal of capital assets	-	-	19,469	-	-	19,469
Total nonoperating revenues (expenses):	4,774	2,018	46,857	6,625	28,290	88,564
Income (loss)	(45,264)	1,661	109,743	(94,314)	18,590	(9,584)
Total net assets - beginning	285,843	61,256	1,924,202	283,930	396,263	2,951,494
Total net assets - ending	\$ 240,579	\$ 62,917	\$ 2,033,945	\$ 189,616	\$ 414,853	\$ 2,941,910

**CITY OF OAK PARK, MICHIGAN
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2006**

	RISK MANAGEMENT	CENTRAL SERVICES	MOTOR POOL	RETIREES HEALTH CARE COURT	RETIREES HEALTH CARE GENERAL	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from interfund services provided	\$ 578,053	\$ 74,000	\$ 864,169	\$ 10,563	\$ -	\$ 1,526,785
Payments to suppliers	(664,009)	(73,306)	(359,127)	(166,592)	(9,700)	(1,272,734)
Payments to employees		-	(188,234)	-	-	(188,234)
Claims paid	(2,000)	-	-	-	-	(2,000)
Other receipts (payments)	34,872	(28)	(175)	72,177	(74)	106,772
Net cash provided (used) by operating activities	(53,084)	666	316,633	(83,852)	(9,774)	170,589
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Purchases of capital assets	-	-	(505,449)	-	-	(505,449)
Disposal of capital assets	-	-	25,598	-	-	25,598
Net cash (used) by capital and related financing activities	-	-	(479,851)	-	-	(479,851)
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of investments	(7,280)	(6,318)	(25,131)	6,853	(7,599)	(39,475)
Interest and dividends	4,774	2,018	27,388	6,625	3,729	44,534
Net cash provided (used) by investing activities	(2,506)	(4,300)	2,257	13,478	(3,870)	5,059
Net increase (decrease) in cash and cash equivalents	(55,590)	(3,634)	(160,961)	(70,374)	(13,644)	(304,203)
Balances - beginning of year	201,182	38,710	600,258	184,384	74,807	1,099,341
Balances - end of year	<u>\$ 145,592</u>	<u>\$ 35,076</u>	<u>\$ 439,297</u>	<u>\$ 114,010</u>	<u>\$ 61,163</u>	<u>\$ 795,138</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities						
Operating income (loss)	\$ (50,038)	\$ (357)	\$ 62,886	\$ (100,939)	\$ (9,700)	\$ (98,148)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Depreciation expense	-	1,657	261,811	-	-	263,468
Change in assets and liabilities:						
Accounts and other payables	(1,706)	(606)	(7,500)	6,078	-	(3,734)
Accrued expenses	(1,340)	(28)	(564)	11,009	(74)	9,003
Net cash provided by operating activities	<u>(53,084)</u>	<u>\$ 666</u>	<u>\$ 316,633</u>	<u>\$ (83,852)</u>	<u>\$ (9,774)</u>	<u>\$ 170,589</u>

CITY OF OAK PARK, MICHIGAN
STATEMENT OF CHANGES IN AGENCY FUND
ASSETS AND LIABILITIES
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

ESCROW FUND

	BALANCE			BALANCE
	<u>June 30, 2005</u>	<u>Additions</u>	<u>Deductions</u>	<u>JUNE 30, 2006</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ 102,434	\$ 997,171	\$ 1,001,705	\$ 97,900
Investments at cost:				
US government obligations	47,901	-	2,120	45,781
Accounts receivable	589	21,218	20,986	821
<u>TOTAL ASSETS</u>	<u>\$ 150,924</u>	<u>\$ 1,018,389</u>	<u>\$ 1,024,811</u>	<u>\$ 144,502</u>
<u>LIABILITIES</u>				
Accounts payable	\$ 150,924	\$ 1,739,225	\$ 1,745,647	\$ 144,502
<u>TOTAL LIABILITIES</u>	<u>\$ 150,924</u>	<u>\$ 1,739,225</u>	<u>\$ 1,745,647</u>	<u>\$ 144,502</u>

PAYROLL FUND

<u>ASSETS</u>				
Cash and cash equivalents	\$ 34,403	\$ 24,846,975	\$ 24,805,997	\$ 75,381
<u>TOTAL ASSETS</u>	<u>\$ 34,403</u>	<u>\$ 24,846,975</u>	<u>\$ 24,805,997</u>	<u>\$ 75,381</u>
<u>LIABILITIES</u>				
Accounts payable	\$ 34,403	\$ 30,305,575	\$ 30,264,597	\$ 75,381
<u>TOTAL LIABILITIES</u>	<u>\$ 34,403</u>	<u>\$ 30,305,575</u>	<u>\$ 30,264,597</u>	<u>\$ 75,381</u>

COMBINED ESCROW AND PAYROLL FUNDS

<u>ASSETS</u>				
Cash and cash equivalents	\$ 136,837	\$ 25,844,146	\$ 25,807,702	\$ 173,281
Investments at cost:				
US government obligations	47,901	-	2,120	45,781
Accounts receivable	589	21,218	20,986	821
<u>TOTAL ASSETS</u>	<u>\$ 185,327</u>	<u>\$ 25,865,364</u>	<u>\$ 25,830,808</u>	<u>\$ 219,883</u>
<u>LIABILITIES</u>				
Accounts payable	\$ 185,327	\$ 32,044,800	\$ 32,010,244	\$ 219,883
<u>TOTAL LIABILITIES</u>	<u>\$ 185,327</u>	<u>\$ 32,044,800</u>	<u>\$ 32,010,244</u>	<u>\$ 219,883</u>

**CITY OF OAK PARK, MICHIGAN
COMBINING STATEMENT OF NET ASSETS
AGENCY FUNDS
JUNE 30, 2006**

	Payroll Fund	Escrow Fund	Total Agency Funds
ASSETS			
Cash and cash equivalents	\$ 75,381	\$ 97,900	\$ 173,281
Receivables:			
Accounts receivable	-	821	821
Investments, at cost:			
U.S. government obligations	-	45,781	45,781
Total assets	<u>\$ 75,381</u>	<u>\$ 144,502</u>	<u>\$ 219,883</u>
LIABILITIES			
Accounts payable	<u>\$ 75,381</u>	<u>\$ 144,502</u>	<u>\$ 219,883</u>

**CITY OF OAK PARK, MICHIGAN
COMBINING STATEMENT OF NET ASSETS
COMPONENT UNITS
JUNE 30, 2006**

	<u>Economic Development Corp.</u>	<u>Brownfield Authority</u>	<u>Total Component Units</u>
ASSETS			
Cash and cash equivalents	\$ 11,742	\$ -	\$ 11,742
	-	-	-
Total assets	<u>\$ 11,742</u>	<u>\$ -</u>	<u>\$ 11,742</u>
LIABILITIES			
Accounts payable	\$ -	\$ 5,783	\$ 5,783
NET ASSETS			
Unrestricted	11,742	(5,783)	5,959
Total liabilities and net assets	<u>\$ 11,742</u>	<u>\$ -</u>	<u>\$ 11,742</u>

**COMBINING STATEMENT OF ACTIVITIES
COMPONENT UNITS
FOR THE YEAR ENDED JUNE 30, 2006**

General revenues:

Property taxes, levied for general purposes	\$ 84,590	\$ 84,590
Investment earnings	36	36
Total General Revenues	<u>36</u>	<u>84,626</u>

Functions/Programs

Community Development	-	(85,967)	(85,967)
Changes in Net Assets	36	(1,377)	(1,341)
Net Asset-beginning	11,706	(4,406)	7,300
Net Asset-ending	<u>\$ 11,742</u>	<u>\$ (5,783)</u>	<u>\$ 5,959</u>

Schedule I
City of Oak Park
Net Assets by Component
Last Six Fiscal Years
(accrual basis of accounting)

	Fiscal Year						
	<u>1999-2000 *</u>	<u>2000-2001</u>	<u>2001-2002</u>	<u>2002-2003</u>	<u>2003-2004</u>	<u>2004-2005</u>	<u>2005-2006</u>
Governmental Activities							
Invested in capital assets, net of related debt	\$ 7,816,900	\$ 9,103,973	\$11,900,617	\$ 1,165,203	\$ 3,558,851	\$ 6,932,515	\$ 5,900,897
Restricted	1,389,922	1,072,594	922,960	11,399,846	9,133,267	6,493,091	7,544,580
Unrestricted	4,913,108	4,596,973	3,228,633	4,291,274	4,746,858	5,446,259	5,129,771
Total governmental activities net assets	<u>\$ 14,119,930</u>	<u>\$ 14,773,540</u>	<u>\$16,052,210</u>	<u>\$16,856,323</u>	<u>\$ 17,438,976</u>	<u>\$ 18,871,865</u>	<u>\$ 18,575,248</u>
Business-type Activities							
Invested in capital assets, net of related debt	\$ 3,488,132	\$ 4,026,786	\$ 5,143,267	\$ 4,102,500	\$ 4,923,978	\$ 7,042,392	\$ 9,338,966
Unrestricted	4,066,911	3,545,828	2,619,440	4,606,284	4,269,224	3,381,129	3,752,044
Total business-type activities net assets	<u>\$ 7,555,043</u>	<u>\$ 7,572,614</u>	<u>\$ 7,762,707</u>	<u>\$ 8,708,784</u>	<u>\$ 9,193,202</u>	<u>\$ 10,423,521</u>	<u>\$13,091,010</u>
Primary Government							
Invested in capital assets, net of related debt	\$ 11,305,032	\$ 13,130,759	\$17,043,884	\$ 5,267,703	\$ 8,482,829	\$ 13,974,907	\$ 15,239,863
Restricted	1,389,922	1,072,594	922,960	11,399,846	9,133,267	6,493,091	7,544,580
Unrestricted	8,980,019	8,142,801	5,848,073	8,897,558	9,016,082	8,827,388	8,881,815
Total primary government net assets	<u>\$ 21,674,973</u>	<u>\$ 22,346,154</u>	<u>\$23,814,917</u>	<u>\$25,565,107</u>	<u>\$ 26,632,178</u>	<u>\$ 29,295,386</u>	<u>\$ 31,666,258</u>

* Amounts for Fiscal Year 1999-2000 are taken from pro-forma financial statements prepared in order to adopt GASB statement 34 in FY 2000-2001 and are not audited.

Schedule 2
City of Oak Park
Changes in Net Assets
Last Six Fiscal Years
(accrual basis of accounting)

Fiscal Year

1999-2000 * 2000-2001 2001-2002 2002-2003 2003-2004 2004-2005 2005-2006

Expenses

Governmental Activities:

General government	\$ 4,562,045	\$ 5,138,083	\$ 4,921,970	\$ 4,768,500	\$ 4,777,118	\$ 4,693,567	\$ 5,154,667
Judicial	1,860,688	1,925,906	2,094,887	2,064,387	1,985,825	2,049,750	2,270,554
Public safety	7,870,495	7,958,724	7,662,037	7,702,056	8,103,198	9,847,977	10,720,861
Road maintenance and repair	1,792,655	2,455,741	2,235,932	2,771,996	2,202,260	2,286,830	3,318,828
Public works	1,099,824	1,260,326	1,570,850	1,317,853	1,391,348	1,309,277	1,365,837
Health and sanitation	1,511,861	1,544,534	1,629,189	1,729,437	1,901,589	2,015,234	2,124,102
Culture and recreation	1,204,943	1,354,007	1,632,659	1,373,338	1,336,795	1,270,849	1,356,385
Library	798,004	812,544	812,756	763,799	845,802	837,813	885,081
Community development	463,217	578,039	332,721	563,495	386,063	288,244	260,461
Interest on long-term debt	1,038,962	948,582	857,960	1,034,325	893,426	752,489	707,092
Total governmental activities expenses	22,202,694	23,976,486	23,750,961	24,089,186	23,823,424	25,352,030	28,163,868

Business-type Activities:

Water and sewer	5,163,075	5,414,326	6,019,494	7,355,360	7,489,197	7,083,210	8,039,854
Total primary government	\$ 27,365,769	\$ 29,390,812	\$ 29,770,455	\$ 31,444,546	\$ 31,312,621	\$ 32,435,240	\$ 36,203,722

Program Revenues

Governmental Activities:

Charges for Services:

General government	\$ 649,612	\$ 497,981	\$ 522,098	\$ 488,184	\$ 527,537	\$ 926,595	\$ 891,142
Judicial	742,638	715,630	957,082	758,468	582,471	587,217	656,836
Public safety	1,591,996	1,530,103	1,683,117	1,428,287	1,232,209	1,442,360	1,832,233
Road maintenance and repair	3,426	4,733	903	135,271	1,850	(11,584)	(12,982)
Public works	37,793	14,294	24,819	161,951	119,523	289,466	131,299
Health and sanitation	533,586	510,845	526,673	574,180	540,740	454,678	500,888
Culture and recreation	434,686	492,697	500,511	463,926	452,690	473,684	431,907
Library	43,619	61,672	60,558	74,983	70,360	69,421	26,410

Community development	35,369	24,277	2,356	116,868	52,907	7,510	(5,165)
Operating Grants and Contributions	2,070,391	2,247,783	1,858,664	1,973,731	2,134,836	2,009,995	2,086,065
Capital Grants and Contributions	399,138	919,659	51,940	30,100	-	-	-
Total governmental activities program revenues	6,542,254	7,019,674	6,188,721	6,205,949	5,715,123	6,249,342	6,538,633

Business-type Activities:

Charges for Services:

Water and sewer	5,388,672	5,218,460	6,104,667	8,112,778	7,881,527	8,213,692	10,547,749
Capital Grants and Contributions	-	6,763	-	-	-	-	-

Total primary government program revenues	\$ 11,930,926	\$ 12,244,897	\$ 12,293,388	\$ 14,318,727	\$ 13,596,650	\$ 14,463,034	\$ 17,086,382
Net (expense)/revenue							

Governmental Activities	\$ (15,660,440)	\$ (16,956,812)	\$ (17,562,240)	\$ (17,883,237)	\$ (18,108,301)	\$ (19,102,688)	\$ (21,625,235)
Business-type Activities	225,597	(189,103)	85,173	757,418	392,330	1,130,482	2,507,895
Total primary government net expense	\$ (15,434,843)	\$ (17,145,915)	\$ (17,477,067)	\$ (17,125,819)	\$ (17,715,971)	\$ (17,972,206)	\$ (19,117,340)

General Revenues and Other Changes in Net Assets

Governmental Activities:

Taxes							
Property Taxes	\$ 17,838,719	\$ 18,102,504	\$ 18,199,216	\$ 18,128,805	\$ 18,088,249	\$ 19,774,491	\$ 20,294,741
Franchise Taxes	393,810	431,991	455,141	336,312	424,167	453,310	460,244
Investment Earnings	512,435	715,984	236,553	272,233	228,538	357,776	623,633
Miscellaneous	17,811	-	-	-	-	-	-
Transfers	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)
Total governmental activities	18,712,775	19,200,479	18,840,910	18,687,350	18,690,954	20,535,577	21,328,618

Business-type Activities:

Investment Earnings	126,005	156,674	54,920	138,659	42,498	49,837	109,594
Transfers	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Total business-type activities	176,005	206,674	104,920	188,659	92,498	99,837	159,594
Total primary government	\$ 18,888,780	\$ 19,407,153	\$ 18,945,830	\$ 18,876,009	\$ 18,783,452	\$ 20,635,414	\$ 21,488,212

Change In Net Assets

Governmental Activities	\$ 3,052,335	\$ 2,243,667	\$ 1,278,670	\$ 804,113	\$ 582,653	\$ 1,432,889	\$ (296,617)
Business-type Activities	401,602	17,571	190,093	946,077	484,828	1,230,319	2,667,489
Total primary government net expense	\$ 3,453,937	\$ 2,261,238	\$ 1,468,763	\$ 1,750,190	\$ 1,067,481	\$ 2,663,208	\$ 2,370,872

* Amounts for Fiscal Year 1999-2000 are taken from pro-forma financial statements prepared in order to adopt GASB statement 34 in FY 2000-2001 and are not audited.

Schedule 3
City of Oak Park
Fund Balances, Governmental Funds,
Last Ten Fiscal Years
(modified accrual basis of accounting)

	<u>1996-1997</u>	<u>1997-1998</u>	<u>1998-1999</u>	<u>1999-2000</u>	<u>2000-2001</u>	<u>2001-2002</u>	<u>2002-2003</u>	<u>2003-2004</u>	<u>2004-2005</u>	<u>2005-2006</u>
General Fund										
Reserved	\$ 167,257	\$ 152,752	\$ 154,169	\$ 186,065	\$ 195,345	\$ 206,233	\$ 233,265	\$ 248,672	\$ 231,003	\$ 141,640
Unreserved	2,342,363	2,113,193	2,086,276	2,394,939	2,376,922	2,201,738	2,163,490	2,044,775	2,122,398	1,869,129
Total general fund	<u>\$ 2,509,620</u>	<u>\$ 2,265,945</u>	<u>\$ 2,240,445</u>	<u>\$ 2,581,004</u>	<u>\$ 2,572,267</u>	<u>\$ 2,407,971</u>	<u>\$ 2,396,755</u>	<u>\$ 2,293,447</u>	<u>\$ 2,353,401</u>	<u>\$ 2,010,769</u>
All Other Governmental Funds										
Reserved	\$ 6,155	\$ 3,405	\$ 20,384	\$ 22,027	\$ 20,973	\$ 25,091	\$ 32,992	\$ 35,515	\$ 34,938	\$ 35,434
Unreserved, reported in:										
Special revenue funds	1,406,187	2,064,105	2,726,716	2,539,167	2,213,520	881,058	1,296,052	1,975,681	2,455,887	2,741,468
Capital projects funds	718,877	1,036,920	544,587	653,648	139,815	49,989	11,124,925	8,849,248	6,157,005	13,624,394
Debt service funds	608,931	614,517	676,487	736,274	932,779	872,971	274,921	282,328	334,783	371,772
Total all other governmental funds	<u>2,740,150</u>	<u>3,718,947</u>	<u>3,968,174</u>	<u>3,951,116</u>	<u>3,307,087</u>	<u>1,829,109</u>	<u>12,728,890</u>	<u>11,142,772</u>	<u>8,982,613</u>	<u>16,773,068</u>
Total all governmental funds	<u>\$ 5,249,770</u>	<u>\$ 5,984,892</u>	<u>\$ 6,208,619</u>	<u>\$ 6,532,120</u>	<u>\$ 5,879,354</u>	<u>\$ 4,237,080</u>	<u>\$ 15,125,645</u>	<u>\$ 13,436,219</u>	<u>\$ 11,336,014</u>	<u>\$ 18,783,837</u>

Schedule 4
City of Oak Park
Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years
(modified accrual basis of accounting)

	<u>1996-1997</u>	<u>1997-1998</u>	<u>1998-1999</u>	<u>1999-2000</u>	<u>2000-2001</u>	<u>2001-2002</u>	<u>2002-2003</u>	<u>2003-2004</u>	<u>2004-2005</u>	<u>2005-2006</u>
Revenues										
Property taxes	\$12,055,561	\$12,270,825	\$12,552,798	\$12,774,154	\$13,103,087	\$13,402,139	\$13,581,507	\$14,003,176	\$15,772,412	\$15,943,238
Special assessments	-	481,497	31,480	364,078	434,092	20,238	255,553	33,034	192,924	47,144
Licenses and permits	477,609	313,737	441,340	404,363	376,984	323,316	289,526	342,338	394,236	416,152
Intergovernmental	6,063,603	6,451,194	6,467,323	6,972,817	7,657,650	6,680,862	6,505,693	6,186,128	5,919,137	5,943,230
Charges for services	1,551,256	1,330,682	1,252,900	1,313,663	1,303,315	1,445,393	1,410,403	1,248,566	1,182,732	1,207,837
Fines and forfeitures	1,942,192	1,871,365	1,801,026	1,855,030	1,798,745	1,979,089	1,717,428	1,477,959	1,563,614	2,008,853
Investment earnings	511,475	573,148	608,664	602,902	796,698	372,423	303,428	197,155	364,088	637,781
Other	197,490	557,133	562,323	674,716	644,282	726,060	630,064	930,710	1,360,528	1,378,951
Total revenues	<u>22,799,186</u>	<u>23,849,581</u>	<u>23,717,854</u>	<u>24,961,723</u>	<u>26,114,853</u>	<u>24,949,520</u>	<u>24,693,602</u>	<u>24,419,066</u>	<u>26,749,671</u>	<u>27,583,186</u>
Expenditures										
Judicial	1,582,607	1,625,312	1,654,765	1,807,921	1,827,591	2,035,751	1,990,428	1,827,938	1,825,187	2,034,224
General government	3,850,197	3,752,246	3,952,318	4,052,020	4,523,698	4,198,722	4,110,182	4,088,575	3,909,447	4,380,187
Public safety	6,948,688	7,935,881	7,485,622	7,595,002	7,348,466	7,240,699	7,255,487	7,420,205	9,136,958	10,051,563
Road maintenance and repair	1,300,130	1,215,228	1,583,170	1,769,127	1,254,798	1,015,522	1,362,110	905,029	982,314	1,821,591
Public works	2,691,174	2,235,879	2,376,901	2,485,987	2,592,656	2,886,642	2,758,699	2,897,643	3,010,974	3,126,486
Recreation and culture	1,448,555	1,127,110	1,131,518	1,153,574	1,240,268	1,388,372	1,257,417	1,199,297	1,129,270	1,210,523
Library	784,445	749,836	711,269	765,538	757,635	767,582	688,841	765,011	754,336	854,897
Community enrichment and development	357,459	253,462	306,293	419,736	520,634	277,227	491,329	312,309	211,270	187,818
Non-departmental	908,728	951,841	1,119,975	1,340,021	1,542,989	1,691,998	1,737,075	1,776,992	2,151,016	2,020,698
Capital outlay	1,407,136	484,798	578,578	523,283	2,526,916	2,428,171	725,395	2,372,728	3,091,615	3,009,674
Debt Service:										
Principal	1,273,054	1,402,794	1,517,630	1,637,065	1,633,385	1,753,147	1,890,000	1,600,000	1,845,000	1,875,000
Interest	1,277,383	1,205,072	1,123,707	1,038,962	948,582	857,960	1,034,325	892,765	752,489	707,092
Total expenditures	<u>23,829,556</u>	<u>22,939,459</u>	<u>23,541,746</u>	<u>24,588,236</u>	<u>26,717,618</u>	<u>26,541,793</u>	<u>25,301,288</u>	<u>26,058,492</u>	<u>28,799,876</u>	<u>31,279,753</u>
Excess of revenues over (under) expenditures	<u>(1,030,370)</u>	<u>910,122</u>	<u>176,108</u>	<u>373,487</u>	<u>(602,765)</u>	<u>(1,592,273)</u>	<u>(607,686)</u>	<u>(1,639,426)</u>	<u>(2,050,205)</u>	<u>(3,696,567)</u>
Other Financing Sources (Uses)										
Proceeds from sale of bonds	-	-	-	-	-	-	11,500,000	-	-	10,890,965
Refunding bonds issued	-	-	-	-	-	-	11,875,000	-	-	-
Payment to refunding bond escrow agent	-	-	-	-	-	-	(11,828,750)	-	-	-
Proceeds from capital lease	-	-	97,895	-	-	-	-	-	-	-
Sale of Capital Assets	-	-	-	-	-	-	-	-	-	303,425
Transfers in	2,200,174	2,074,654	2,620,298	2,110,567	2,191,650	1,963,113	2,541,886	2,153,141	2,036,085	2,267,989
Transfer out	(2,115,174)	(2,249,654)	(2,670,298)	(2,160,567)	(2,241,650)	(2,013,113)	(2,591,886)	(2,203,141)	(2,086,085)	(2,317,989)
Total other financing sources (uses)	<u>85,000</u>	<u>(175,000)</u>	<u>47,895</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>11,496,250</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>11,144,390</u>
Net change in fund balances	<u>\$ (945,370)</u>	<u>\$ 735,122</u>	<u>\$ 224,003</u>	<u>\$ 323,487</u>	<u>\$ (652,765)</u>	<u>\$ (1,642,273)</u>	<u>\$ 10,888,564</u>	<u>\$ (1,689,426)</u>	<u>\$ (2,100,205)</u>	<u>\$ 7,447,823</u>
Debt service as a percentage of noncapital expenditures	11.37%	11.61%	11.50%	11.12%	10.67%	10.83%	11.90%	10.52%	10.10%	9.13%

Schedule 5
City of Oak Park
Taxable Value and Actual Value of Property
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Real Property			Personal Property	Total Taxable Value	Total Direct Tax Rate	Estimated Actual Value	Taxable Value as a Percentage of Actual Value
	Residential Property	Commercial Property	Industrial Property					
1997	\$285,631,980	\$58,955,850	\$39,647,160	\$44,361,960	\$428,596,950	26.8019	\$ 891,679,580	48.07%
1998	296,170,850	60,404,500	41,264,410	44,826,100	442,665,860	26.7959	969,599,260	45.65%
1999	308,859,400	62,347,890	41,902,950	46,516,550	459,626,790	26.4886	1,070,438,600	42.94%
2000	323,219,100	63,037,130	43,390,280	48,363,200	478,009,710	26.0212	1,173,718,360	40.73%
2001	341,642,800	64,496,240	46,324,600	52,940,090	505,403,730	25.1873	1,305,707,020	38.71%
2002	365,121,240	66,470,730	48,298,930	52,245,480	532,136,380	24.6245	1,424,698,940	37.35%
2003	388,554,740	69,031,130	50,180,580	51,711,060	559,477,510	23.6344	1,521,228,600	36.78%
2004	408,102,490	73,135,960	51,075,440	46,983,030	579,296,920	23.5377	1,612,219,660	35.93%
2005	431,289,070	90,517,620	52,614,020	49,005,590	623,426,300	24.1194	1,745,673,380	35.71%
2006	454,457,020	106,703,397	57,524,360	46,571,380	665,256,157	23.7201	1,835,567,900	36.24%

Source: City of Oak Park Assessing Department.

Note: Tax rates are per \$1,000 of taxable value.

Schedule 6
City of Oak Park
Direct And Overlapping Property Tax Rates
(Per \$1,000 of Taxable Value)
Last Ten Fiscal Years

Fiscal Year	Operating Millage	Library	Debt Service	Drains-at Large	Solid Waste	Total Direct	School Districts			Community College	Total Rates for Residents Residing In		
							Oak Park	Femdale	Berkley		Oak Park School District	Femdale School District	Berkley School District
1996: Homestead (1)	18.4780	0.0000	5.3380	0.2340	2.7519	26.8019	14.6074	13.2879	10.6488	1.6604	50.4135	49.0940	46.4549
1996: Non-Homestead						26.8019	32.8783	31.5588	28.9197	1.6604	68.6844	67.3649	64.7258
1997: Homestead (1)	18.4780	0.0000	5.3340	0.2320	2.7519	26.7959	14.6071	13.2876	10.6485	1.6604	50.3770	49.0575	46.4184
1997: Non-Homestead						26.7959	32.8780	31.5585	28.9194	1.6604	68.6479	67.3284	64.6893
1998: Homestead (1)	18.2475	0.0000	5.3010	0.2086	2.7315	26.4886	14.5529	13.2197	10.5937	1.6500	49.8095	48.4763	45.8503
1998: Non-Homestead						26.4886	32.7329	31.3997	28.7737	1.6500	67.9895	66.6563	64.0303
1999: Homestead (1)	17.9866	0.0000	5.1605	0.1812	2.6929	26.0212	14.5410	13.2189	10.0576	1.6300	49.2714	47.9493	44.7880
1999: Non-Homestead						26.0212	32.7100	31.3989	28.2376	1.6300	67.4404	66.1293	62.9680
2000: Homestead (1)	17.6590	0.0000	4.8795	0.0000	2.6488	25.1873	14.5085	13.2165	10.0552	1.6109	48.3533	47.0613	43.9000
2000: Non-Homestead						25.1873	32.6666	31.3965	28.2352	1.6109	66.5114	65.2413	62.0800
2001: Homestead (1)	17.3727	0.0000	4.6460	0.0000	2.6058	24.6245	14.4444	13.2300	10.5737	1.5952	49.0812	47.8668	45.2105
2001: Non-Homestead						24.6245	32.5126	31.4100	28.7537	1.5952	67.1494	66.0468	63.3905
2002: Homestead (1)	17.0843	0.0000	3.9876	0.0000	2.5625	23.6344	14.4173	13.2328	10.5765	1.6090	48.3354	47.1509	44.4946
2002: Non-Homestead						23.6344	32.5754	31.4128	28.7565	1.6090	66.4935	65.3309	62.6746
2003: Homestead (1)	16.7443	0.0000	4.2819	0.0000	2.5115	23.5377	12.5350	12.2223	9.5660	1.5983	46.3172	46.0045	43.3482
2003: Non-Homestead						23.5377	30.6184	30.4023	27.7460	1.5983	64.4006	64.1845	61.5282
2004: Homestead (1)	16.4981	1.0000	4.1468	0.0000	2.4745	24.1194	13.4729	13.4732	11.5744	1.5889	47.8039	47.8042	45.9054
2004: Non-Homestead						24.1194	31.6529	31.6532	29.7544	1.5889	65.9839	65.9842	64.0854
2005: Homestead (1)	16.3777	0.9927	3.8933	0.0000	2.4564	23.7201	13.4688	13.4691	10.9509	1.5844	47.3834	47.3837	44.8655
2005: Non-Homestead						23.7201	31.6488	31.6491	29.1309	1.5844	65.5634	65.5637	63.0455

Schedule 7
City of Oak Park
Principal Property Tax Payers
Current Year and Nine Years Ago

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2006</u>			<u>1995</u>		
		<u>Taxable</u> <u>Valuation</u>	<u>Rank</u>	<u>Percentage of</u> <u>Total Taxable</u> <u>Valuation</u>	<u>Taxable</u> <u>Valuation</u>	<u>Rank</u>	<u>Percentage of</u> <u>Total Taxable</u> <u>Valuation</u>
Jewish Federation Apts.	Apartment Complex	\$11,056,640	1	1.65%	\$8,125,100	1	1.94%
Leewar Strategic Properteis Inc.	Apartment Complex	8,412,170	2	1.25%			
Lincoln Towers Apts, LLP	Apartment Complex	6,651,970	3	0.99%			
Parkwood Plaza Limited	Shopping Center	6,096,500	4	0.91%	3,593,500	8	0.86%
Crown Pointe Office	Commercial Lease	6,030,230	5	0.90%			
Sub-total		<u>38,247,510</u>		<u>5.70%</u>	<u>11,718,600</u>		<u>2.80%</u>
GTN Industries, Inc.	Studio	5,892,510	6	0.88%	3,925,220	7	0.94%
Village Green Management Co.	Apartment Complex	5,855,760	7	0.87%	3,934,700	6	0.94%
Detroit Edison Co.	Utility	4,793,860	8	0.71%	3,962,050	5	0.95%
Home Properties of New York	Apartment Complex	4,478,710	9	0.67%	4,148,500	2	0.99%
Oakmont Properties	Industrial Lease	4,062,340	10	0.61%	2,841,800	9	0.68%
Sub-total		<u>25,083,180</u>		<u>2.86%</u>	<u>18,812,270</u>		<u>7.30%</u>
Valenite Inc.	Manufacturer	3,751,050	11	0.56%	2,600,100	10	0.62%
Lincoln Center	Shopping Center	3,178,500	12	0.47%	3,984,200	4	0.95%
CBS, Inc.	Television Network	3,074,140	13	0.46%			
Symtec Mfg. Technologies	Manufacturer	2,858,030	14	0.43%			
Public Storage/PS Euro Part X III Ltd.	Storage	2,413,430	15	0.36%			
Sub-total		<u>15,275,150</u>		<u>2.28%</u>	<u>6,584,300</u>		<u>1.57%</u>
Eaton Steel / Goodman Bldg Co.	Steel Warehouse	2,384,130	16	0.36%	1,683,580	13	0.40%
Kmart Corporation	Shopping Center	2,367,200	17	0.35%	3,996,320	3	0.95%
Lincoln Briar Apts.	Apartment Complex	2,262,430	18	0.34%	1,723,000	12	0.41%
Raine Venyures, LLc	Manufacturer	2,051,390	19	0.31%			
Armory Plaza, LLC	Mixed Use	1,987,490	20	0.30%			
Consumers Energy Co.	Utility				2,153,700	11	0.51%
Bar Processing Corp. of Michigan	Manufacturer				1,677,900	14	0.40%
Greenfield Associates	Office Complex				1,552,600	15	0.37%
DBA Jorgenson Alloy Steel	Steel Warehouse				1,525,950	16	0.36%
Stratford Associates	Apartment Complex				1,469,200	17	0.35%
General Die Cast	Manufacturer				1,427,050	18	0.34%
Wickman Corp.	Manufacturer				1,365,650	19	0.33%
Paramouont Boring & Machine Co.	Manufacturer				1,351,450	20	0.32%
Sub-total		<u>11,052,640</u>		<u>1.66%</u>	<u>19,926,400</u>		<u>4.74%</u>
GrandTotal		<u>\$89,658,480</u>		<u>12.50%</u>	<u>\$57,041,570</u>		<u>16.41%</u>

Schedule 8
City of Oak Park
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ending <u>June 30</u>	Taxes Levied for the <u>Fiscal Year</u>	Collected within the <u>Fiscal Year of the Levy</u>		Collections in Subsequent <u>Years</u>	<u>Total Collections to Date</u>	
		<u>Amount</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage of Levy</u>
1997	\$11,882,202	\$11,730,994	98.73%	\$ 78,241	\$11,809,235	99.39%
1998	12,278,929	12,175,162	99.15%	121,174	12,296,336	100.14%
1999	12,753,551	12,622,098	98.97%	112,450	12,734,548	99.85%
2000	12,941,243	12,822,558	99.08%	82,214	12,904,772	99.72%
2001	13,178,024	13,033,664	98.90%	125,042	13,158,706	99.85%
2002	13,575,518	13,385,035	98.60%	95,246	13,480,281	99.30%
2003	13,562,840	13,353,379	98.46%	110,803	13,464,182	99.27%
2004	14,081,644	13,894,283	98.67%	93,827	13,988,110	99.34%
2005	15,670,688	15,439,161	98.52%	141,982	15,581,143	99.43%
2006	16,627,835	15,269,916	91.83%	142,811	15,412,727	92.69%

Schedule 9
City of Oak Park
Ratio of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year Ending <u>June 30</u>	Governmental Activities		Business-Type Activities		Total Primary <u>Government</u>	Percentage of Personal <u>Income</u>	Per <u>Capita</u>
	General <u>Obligation Bonds</u>	Capital <u>Lease</u>	Water <u>Revenue Bonds</u>				
1997	\$ 21,214,998	\$ 402,755	\$ 4,128,149		25,745,902	0.1671%	\$ 853
1998	19,954,998	259,961	4,007,146		24,222,105	0.1490%	802
1999	18,590,000	204,446	3,861,051		22,655,497	0.2149%	750
2000	17,095,000	57,053	3,714,867		20,866,920	0.2334%	700
2001	15,495,000	23,668	6,747,400		22,266,068	0.2187%	747
2002	13,765,000	0	19,058,594		32,823,594	0.1484%	1,102
2003	23,375,000	0	13,074,510		36,449,510	0.1336%	1,223
2004	21,775,000	0	16,475,815		38,250,815	0.1273%	1,239
2005	19,930,000	0	17,326,313		37,256,313	0.1307%	1,150
2006	29,055,000	0	16,921,387		45,976,387	0.1059%	1,419

Schedule 10
City of Oak Park
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year Ending <u>June 30</u>	General Obligation <u>Bonds</u>	Less: Amounts Available in Debt <u>Service Funds</u>	<u>Total</u>	Percentage of Estimated Actual Taxable Value of <u>Property</u>	Per <u>Capita</u>
1997	\$21,214,998	\$ 608,931	\$ 20,606,067	4.81%	\$ 689.54
1998	19,954,998	614,517	19,340,481	4.37%	643.31
1999	18,590,000	676,487	17,913,513	3.90%	594.66
2000	17,095,000	736,274	16,358,726	3.42%	536.91
2001	15,495,000	932,779	14,562,221	2.88%	488.78
2002	13,765,000	873,971	12,891,029	2.42%	432.69
2003	23,375,000	274,921	23,100,079	4.13%	775.35
2004	21,775,000	282,328	21,492,672	3.71%	696.34
2005	19,930,000	334,783	19,595,217	3.14%	604.81
2006	29,055,000	371,772	28,683,228	4.31%	885.31

Schedule 11
City of Oak Park
Direct and Overlapping Governmental Activities Debt
As of June 30, 2006

<u>Jurisdiction</u>	<u>Net Debt Outstanding</u>	<u>Percentage Debt Applicable To City *</u>	<u>Estimated Share Of Overlapping Debt</u>
City of Oak Park	\$29,055,000	100.00%	\$29,055,000
Berkley School District	34,625,000	15.16%	5,249,150
Ferndale School District	51,406,195	15.82%	8,132,460
Oak Park School District	5,975,000	72.56%	4,335,460
Oakland County at Large	113,000,096	1.13%	1,276,901
Oakland Intermediate School District	9,215,000	1.13%	104,130
Oakland Community College	<u>10,050,000</u>	<u>1.14%</u>	<u>114,570</u>
	<u>\$253,326,291</u>		<u>\$48,267,671</u>

* Amounts supplied by Municipal Advisory Council of Michigan.

Schedule 12
City of Oak Park
Legal Debt Margin Information
Last Ten Fiscal Years

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Debt limit	\$48,479,963	\$53,521,930	\$58,685,918	\$65,285,351	\$71,474,838	\$76,062,450	\$80,611,283	\$87,283,669	\$91,778,395	\$93,105,522
Total net debt applicable to limit	<u>21,008,822</u>	<u>19,600,442</u>	<u>18,117,959</u>	<u>16,358,726</u>	<u>14,562,221</u>	<u>12,891,029</u>	<u>23,100,079</u>	<u>21,492,672</u>	<u>19,595,217</u>	<u>28,683,228</u>
Legal debt margin	<u>27,471,141</u>	<u>33,921,488</u>	<u>40,567,959</u>	<u>48,926,625</u>	<u>56,912,617</u>	<u>63,171,421</u>	<u>57,511,204</u>	<u>65,790,997</u>	<u>72,183,178</u>	<u>64,422,294</u>
Total net debt applicable to the limit										
as a percentage of debt limit	43.34%	36.62%	30.87%	25.06%	20.37%	16.95%	28.66%	24.62%	21.35%	30.81%

Legal Debt Margin Calculation for Fiscal Year 2006

Assessed Value	<u>\$931,055,220</u>
Legal Debt Limit (10% of Assessed Value)	\$93,105,522
Gross Indebtedness	\$29,055,000
Less: Amount Available In Debt Service Fund	<u>371,772</u>
Net Bonded Debt	<u>28,683,228</u>
Legal Debt Margin	<u>\$64,422,294</u>
Net Bonded Debt as a Percentage of Assessed Value	3.08%

Schedule 13
City of Oak Park
Revenue Bond Coverage

Fiscal Year Ending June 30	Last Ten Fiscal Years						
	Gross Revenue	Expenses, Net of Depreciation and Interest	Net Revenue Available for Debt Service	Total Debt Service Requirements			Debt Service Coverage
				Principal	Interest	Total	
1997	\$4,982,808	\$ 4,084,576	898,232	\$ 125,000	\$ 322,908	\$ 447,908	2.01
1998	5,058,103	4,219,763	838,340	125,000	317,770	442,770	1.89
1999	5,535,565	4,442,613	1,092,952	150,000	307,183	457,183	2.39
2000	5,388,672	4,659,722	728,950	150,000	298,888	448,888	1.62
2001	5,431,897	4,863,072	568,825	175,000	314,098	489,098	1.16
2002	6,209,587	5,372,679	836,908	200,000	391,560	591,560	1.41
2003	8,301,437	6,574,923	1,726,514	314,480	500,068	814,548	2.12
2004	7,974,025	6,641,542	1,332,483	469,897	581,348	1,051,245	1.27
2005	8,213,692	6,215,874	1,997,818	863,589	633,479	1,497,068	1.33
2006	10,547,749	7,255,581	3,292,168	940,749	528,762	1,469,511	2.24

Schedule 14
City of Oak Park
Demographic and Economic Statistics
Last Calendar Fiscal Years

<u>Year</u>	<u>Population</u>	<u>Personnal</u> <u>Income</u>	<u>Per</u> <u>Capita</u> <u>Personnal</u> <u>Income</u>	<u>Median</u> <u>Age</u>	<u>Unemployment</u> <u>Rate</u>
1996	30,193	\$ 43,027	\$ 14,544	33.0	3.3%
1997	30,193	36,099	14,544	33.0	3.0%
1998	30,193	48,697	21,677	33.0	3.0%
2000	29,793	48,697	21,677	34.6	2.6%
2001	29,793	48,697	21,677	34.6	4.6%
2002	29,793	48,697	21,677	34.6	5.5%
2003	29,793	48,697	21,677	34.6	6.1%
2004	30,865	48,697	21,677	34.6	5.6%
2005	32,399	48,697	21,677	34.6	7.7%
2006	32,399	48,697	21,677	34.6	7.0%

Schedule 15
City of Oak Park
Principal Employers
Current Year and Nine Years Ago

<u>Employer</u>	<u>2006</u>			<u>1997</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Oak Park School District	485	1	2.81%	450	1	2.94%
City of Oak Park	233	2	1.35%	265	2	1.73%
Jewish Federation Apts.	130	3	0.75%	121	3	0.79%
Thyssen Metal	105	4	0.61%	0		0.00%
Lincoln Towers Apts, LLP	99	5	0.57%	111	4	0.73%
Sub-total	<u>1,052</u>		<u>6.09%</u>	<u>947</u>		<u>6.19%</u>
Detroit Edison Co.	98	6	0.57%	110	5	0.72%
Crown Pointe Office	98	7	0.57%	-		0.00%
Huntington Gardens Village Green Management	97	8	0.56%	109	6	0.99%
GTN Industries, Inc.	96	9	0.56%	100	7	0.83%
CBS, Inc.	95	10	0.55%	-		
Sub-total	<u>484</u>		<u>2.81%</u>	<u>319</u>		<u>2.54%</u>
Greenfield Associates				94	8	0.61%
Thyssen Metal				93	9	0.61%
Startford Associates				92	10	0.60%
DBA Jorgenson Alloy Steel				91	16	0.59%
Koepplingers				90	17	0.59%
Tishken Products				89	18	0.58%
Hartman Tyner				88	19	0.58%
General Die Cast				87	20	0.57%
Sub-total	<u>0</u>		<u>0.00%</u>	<u>724</u>		<u>4.73%</u>
GrandTotal	<u>1,536</u>		<u>8.90%</u>	<u>1,990</u>		<u>13.46%</u>

Schedule 16
City of Oak Park
Full-time Equivalent City Government Employees by Department/Union Group

Last Ten Fiscal Years

<u>Department/Union</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
<u>Full Time</u>										
<u>General Government</u>										
Council	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
City Manager	5.00	5.00	5.00	5.00	5.00	5.00	5.00	4.00	4.00	4.00
Information Technology	2.00	2.00	2.00	2.00	2.00	2.00	1.00	1.00	1.00	1.00
City Attorney	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Prosecuting Attorney	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Elections	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
City Clerk	3.00	3.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Finance & Administrative Services	18.00	18.00	18.00	18.00	18.00	18.00	18.00	17.00	16.00	17.00
Technical & Planning Services	18.00	18.00	18.00	18.00	17.00	17.00	17.00	16.00	16.00	17.00
Public Information	2.00	2.00	2.00	2.00	4.00	4.00	4.00	4.00	4.00	4.00
Subtotal General Government	53.00	53.00	54.00	54.00	55.00	55.00	54.00	51.00	50.00	52.00
Public Safety	82.00	82.00	82.00	83.00	84.00	85.00	83.00	78.00	78.00	79.00
Public Works	30.00	30.00	30.00	30.00	30.00	30.00	30.00	28.00	28.00	27.00
Recreation	9.50	9.50	9.50	9.50	11.00	12.00	12.00	11.00	9.00	8.00
Library	8.50	8.50	8.50	8.50	8.00	8.00	8.00	8.00	8.00	8.00
Community Services	2.00	2.00	2.00	2.00	2.00	2.00	2.00	0.00	0.00	0.00
District Court 45-B / Probation	24.00	26.00	27.00	27.00	27.00	27.00	26.00	26.00	26.00	26.00
Sub-Total Full Time	209.00	211.00	213.00	214.00	217.00	219.00	215.00	202.00	199.00	200.00
<u>PART TIME</u>										
Council	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
City Manager	0.30	0.30	0.30	0.30	0.30	0.30	0.00	0.00	0.00	0.00
Information Technology	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
City Attorney	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.00	0.00	0.00
Prosecuting Attorney	0.00	0.00	0.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Elections	0.94	0.94	0.94	0.94	0.94	0.94	0.00	0.00	0.00	0.00
City Clerk	0.80	0.80	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Finance & Administrative Services	1.30	1.30	1.30	0.50	0.50	0.50	0.00	0.00	0.00	0.00
Technical & Planning Services	0.50	0.50	0.50	0.50	1.00	1.00	1.00	1.00	0.50	0.50
Public Information	1.38	1.38	1.38	1.38	0.38	0.38	0.00	0.00	0.00	0.00
Subtotal General Government	6.22	6.22	5.42	5.62	5.12	5.12	3.00	2.00	1.50	1.50
Public Safety	9.70	9.70	8.55	7.05	6.00	5.25	5.25	5.25	5.25	5.25
Public Works	6.03	6.03	6.03	6.03	6.03	6.03	6.03	2.42	2.42	2.42
Recreation	26.00	26.00	26.00	26.00	22.10	22.10	22.10	21.30	21.30	20.40
Library	6.05	6.05	6.05	6.05	6.05	7.65	7.65	3.65	3.65	3.65
Community Services	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
District Court 45-B / Probation	2.50	2.90	2.90	2.20	2.20	2.20	2.90	1.90	1.90	1.90
Sub-Total Part Time	56.50	56.90	54.95	52.95	47.50	48.35	46.93	36.52	36.02	35.12
TOTAL FULL TIME EQUIVALENTS	265.50	267.90	267.95	266.95	264.50	267.35	261.93	238.52	235.02	235.12

The amounts presented under Part Time workers represent Full Time Equivalents and not actual positions. Full Time Equivalents equalizes part time hours to that of a full time worker in a like position. For example a part time worker who works 30 hours in a office that normally works 40 hours would be recorded at .75 FTE (30 hours / 40 hours = .75 FTE).

FULL TIME PERSONNEL BY SALARY CLASSIFICATION

Legislative	5	5	5	5	5	5	5	5	5	5
Exempt	11	11	11	11	11	11	12	11	11	11
Supervisory	18	18	19	19	20	20	15	13	13	15
Administrative	13	14	14	15	17	17	8	6	5	5
AFSCME	69	68	68	68	68	70	74	71	69	66
POAM	55	55	55	55	55	55	55	50	50	52
COAM	14	14	14	14	14	14	14	14	14	14
Dispatch	0	0	0	0	0	0	6	6	6	6
District Court 45-B	24	26	27	27	27	27	26	26	26	26
	209	211	213	214	217	219	215	202	199	200

Schedule 17
City of Oak Park
Operating Indicators by Function/Department
Last Ten Fiscal Years

	Fiscal Year										
	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
City Manager											
Number of Complaints	171	68	122	66	68	72	112	164	202	130	167
Average Days to Complete	18.75	20.50	23.50	9.13	8.10	8.30	8.30	4.60	4.60	3.50	4.40
Public Safety											
Hazardous Violations	4,606	6,474	5,576	6,006	5,753	5,201	5,370	4,586	2,731	2,563	4,726
Total Violations	9,512	11,173	10,499	16,506	17,735	15,599	15,380	13,844	9,168	8,190	13,241
EMS Requests	1,397	1,383	1,479	1,378	1,724	1,670	1,724	1,987	2,067	2,237	2,521
Traffic Crashes	N/A	N/A	N/A	N/A	1,446	1,380	1,446	1,225	1,187	1,134	1,091
Technical & Planning Services											
Number of Building Permits	833	846	1,014	896	929	905	872	938	710	814	811
Value of Building Permits	\$6,800,171	\$6,056,301	\$9,455,536	\$9,742,664	\$20,200,733	\$7,086,481	\$12,716,735	\$9,101,942	\$6,515,615	\$10,711,218	\$9,930,436
Library											
Residents with Library Cards	10,214	11,578	15,448	15,473	15,723	15,426	15,009	15,110	14,382	15,311	17,234
Items Available	87,942	90,841	94,503	102,528	88,287	90,538	94,380	97,605	100,971	103,500	102,893
Health and Sanitation											
Tons of Solid Waste Recyclec	1,086.91	996.05	970.66	908.74	996.50	1,201.00	995.00	997.00	988.00	940.12	863.00
Water System											
Percent of Line Loss	8.40%	6.40%	9.73%	9.73%	11.34%	11.75%	11.75%	9.61%	9.64%	5.11%	10.70%

Schedule 18
City of Oak Park
Capital Asset Statistics by Function/Department
Last Ten Fiscal Years

<u>Department</u>	<u>Fiscal Year</u>									
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
City Manager										
Vehicles Assigned	2	2	2	2	2	2	1	1	2	3
Public Safety										
Vehicles Assigned	33	33	33	33	33	33	33	33	35	35
Public Works										
Vehicles Assigned	33	33	33	33	33	33	33	33	40	40
Number of Buildings	5	5	5	5	5	5	5	5	5	5
Road Maintenance and Repair										
Miles of Major Streets	20.72	20.72	20.72	20.72	20.72	20.72	20.72	20.72	20.72	20.72
Miles of Local Streets	65.33	65.33	65.33	65.33	65.33	65.33	65.33	65.33	65.33	65.33
Water & Sewer System										
Miles of Water Mains	115	115	115	115	115	115	115	115	115	115
Miles of Sewers	80.64	80.64	80.64	80.64	80.64	80.64	80.64	80.64	80.64	80.64
Recreation										
Swimming Pool	1	1	1	1	1	1	1	1	1	1
City Parks	10	10	10	10	10	10	10	10	10	10
Park Acreage	109.8	109.8	109.8	109.8	109.8	109.8	109.8	109.8	109.8	109.8

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December 6, 2006

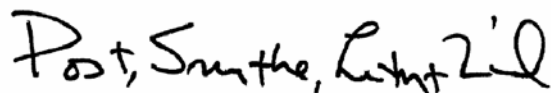
Honorable Mayor and City Council
City of Oak Park
Oakland County, Michigan

In planning and performing our audit of the City of Oak Park for the year ended June 30, 2006, we have considered the City's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiencies. The memorandum that accompanies this letter summarizes our comments and suggestions in these areas. This letter does not affect our report dated December 6, 2006, on the financial statements of the City of Oak Park.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with the City's management, and we will be pleased to discuss them in further detail at your convenience, to perform any additional studies or assist in their implementation.

Respectfully,



POST, SMYTHE, LUTZ and ZIEL LLP
Certified Public Accountants

Internal Controls

During the course of our audit, we noted recommendations for strengthening internal controls, as follows:

- Currently, the Utility Billing Supervisor approves utility billing adjustments that are determined by the utility billing clerks to be major adjustments. We recommend that all utility billing adjustments be approved by the Utility Department Supervisor.
- We recommend that the payroll register for each pay period be prepared by the payroll clerk and submitted to the appropriate supervisor in the finance department for review and approval.